WASHINGTON REPORT

1981 — Banner year for NRA lobbying efforts

1981 proved to be a banner year for the National Restaurant Association's government relations program. NRA set out to expand the industry's grassroots lobbying network and strengthen its presence on Capitol Hill.

NRA's 1981 legislative and regulatory victories will save the industry hundreds of millions of dollars.

Meat import restrictions removed...

A proposal was eliminated from the 1981 Farm Bill which would have cut off or seriously limited imported meat. "The elimination of this amendment from the Farm Bill is a significant victory for the restaurant industry and one in which NRA can take pride because dedicated action on the part of the NRA's government relations department paid off," stated NRA Chairman Walter Conti.

"Shortages resulting from the proposed restrictions on imported meat could have boosted beef prices by nine percent," stated Conti, explaining, "imported meat makes up seven percent of the total U.S. supply."

Action to eliminate the potentially expensive measure from the Farm Bill came during the joint House/Senate conference committee which convened in November to reconcile the differences between their two bills. Other measures in the Farm Bill of concern to the foodservice industry include dairy price supports and a proposed sugar loan program.

During a television interview which was broadcast in Montana and other western states, NRA President Robert E. Bradford explained that 75 percent of imported meat is lean beef — processed into sausages, hamburger and hot dogs. "Since the domestic supply of grass fed, lean beef is limited, elimination of the foreign source could raise hot dog and hamburger prices by 25 percent. That kind of price increase would have been disastrous for the cattle industry, grocers and restaurateurs," Bradford explained.

Salary test-increases postponed through NRA efforts...

Just before leaving office in January, former President Carter ordered a 45 percent increase in the minimum salary of supervisory employees exempt from federal overtime requirements. NRA and state restaurant associations were influential in persuading the Reagan administration to freeze the rule before it went into effect. The freeze, which was later extended indefinitely, saved the foodservice industry millions of dollars.

The Carter mandate would have affected over 150,000 supervisory employees, many of whom are employed in the foodservice industry.

Currently, employers must pay supervisory employees at least $155 per week if they are to be considered exempt from minimum wage overtime laws. On Feb. 13, this minimum would have been increased to $225 per week if the Carter administration's changes had gone into effect. The minimum salary for employees in the "upset salary" category would have been raised from $250 per week to $320 per week.

In comments submitted to the White House, NRA questioned the need for a salary test at all, pointing out that the minimum wage legislation passed by Congress does not stipulate that a salary test be used for supervisory employees.

Rowan decision saves industry $200 million...

In June, the Supreme Court, in *Rowan Companies, Inc. vs. U.S.*, upheld the NRA position that operators should not have to pay FICA and FUTA taxes on employee meals that are provided for the employee's convenience. NRA estimates that this decision will save operators $103 million a year in payroll taxes and employees another $93 million in taxes.

The Court's decision clarified a situation which the NRA worked hard to correct through meetings with the Internal Revenue Service (IRS), testimony before Congress and the introduction of legislation. Prior to the decision, U.S. Rep. Barber Conable (R-NY), a powerful member of the House Ways and Means Committee, introduced legislation to amend the Internal Revenue Code to reflect NRA's position. NRA also asked the Senate Committee on Small Business to take action to clarify the issue.

NRA works to lower food costs...

NRA has been very active this year in lobbying for lower farm price supports in the 1981 Farm Bill. The Farm Bill will determine the nation's agricultural policy for the next four years, and any increase in price supports could substantially affect food costs. NRA helped stop April dairy price increases by pushing to eliminate the April support increases. During debate this fall on the price support structure, NRA supported language in the Farm Bill that would bring down the level of price supports for dairy products. Efforts by NRA, if adopted by Congress, could save the industry from $400 to $500 million in increases through 1985.

NRA leads fight to preserve targeted jobs tax credit...

This summer Congress approved, as part of the Economic Recovery Tax

Continued on page 6

Tax & Energy

House and Senate bills give commercial industries incentive to conserve...

Sen. David Durenberger (R-MN) was instrumental in getting an NRA-backed energy bill introduced in the Senate this year. In May, Sen. Durenberger introduced the Commercial Business Energy Tax Credit Act of 1981 (S. 1288), which now has eight cosponsors in the Senate. In early November, an identical bill (H.R. 4932) was introduced in the House by Rep. Wyche Fowler (D-GA).

The bill would provide a 20 percent tax credit to businesses that invest in energy-efficient equipment.

In the following interview with NRA News, *Durenberger describes the bill and its effect on the restaurant industry. he also talks about some other important issues affecting foodservice operators.*

Durenberger came to Washington in 1978, occupying the seat once held by the late Hubert Humphrey. He serves on the Finance and Governmental Affairs Committees, as well as on the Select Committee on Intelligence and the Special Committee on the Aging.

NRA: How will your commercial energy tax credit bill benefit the restaurant industry?

Durenberger: Let me first say that one of your members — Fred Krautkramer, who owns a restaurant in Mequon, Wisconsin — did a terrific job in testifying in favor of the bill at our hearing in October. (See November issue of *NRA News.*) I'd love to have him testify on every bill. He certainly represented your industry well.

Turning to the bill itself, I believe the most important thing it does is take advantage of the willingness of restaurant operators to help ensure the energy self-sufficiency of this country in a way that makes economic sense for them. Earlier energy tax credit bills we designed did great things for homeowners and large industries, but they really didn't do anything for commercial business owners for whom energy is either the primary or secondary cost after labor.

This bill says that if operators invest in equipment that either uses an alternative energy source or conserves energy, they ought to qualify for a tax credit. If a restaurateur were to replace an energy-inefficient dishwasher with a new dishwasher that is very energy-efficient, he should get a tax credit. The bill gives the operator an incentive to replace inefficient equipment with energy-efficient equipment, and this, in turn, is a benefit to the country.

Q: Does the Reagan administration endorse this approach to energy conservation?

A: We have two problems with the administration: one is the President's energy policy itself, and the other is the question of tax revenue. The administration does not believe government should play a direct role in conservation and alternative energy sources. We are trying to overcome that with the Senate resolution that Sens. John Chaffee (R-RI) and Spark Matsunaga (D-HI) introduced. It now has 64 cosponsors. Our resolution says that only by retaining the concept of an energy tax credit will we be able to have energy independence in this country.

The second problem we have with the administration

concerns the revenue loss which a tax credit implies. Legislation that takes money away from the Treasury is never popular, especially now that we've been told that there won't be a balanced budget in 1984. But I really don't think that the administration can make the usual objections about our bill that can be made about most tax credit bills. I think we've drafted it carefully so there clearly has to be a bona fide energy savings before you can get a credit.

We have to bring the administration around to thinking the way Mr. Krautkramer does. We have to make the White House see the needs of small business persons.

The other point that has to be made, I think, in connection with the use of credits, is that in effect those credits are recycling the money that your association members are already paying. When Congress looked into decontrolling the price of oil, it decided that the difference — the amount between what oil companies were getting versus what they would get when controls were lifted — represented more than just a fair return on an investment. There was a huge chunk of unjust enrichment there, and so a part of that was to go back to the American people who are now paying for that difference in oil costs.

One way of returning that money to them is in the form tax credits. But the administration is using those windfall credits to balance the budget rather than giving part of it back. Your members, like Krautkramer, aren't asking that it all come back to them — they're just asking for a little piece of it to buy energy-efficient equipment. That's what we do now with insulation tax credits for homeowners, and that's what we do with alternative fuel projects. We take a little piece of that extra money we're making and give it back in energy independence.

Q: Let's turn to another bill you sponsored, the recently enacted National Tourism Policy Act. Do you think this legislation goes far enough in establishing a federal voice for tourism?

A: The bill creates the voice, but now it depends on whether the Secretary of Commerce and the President will use that voice. It depends on what kind of person they put in there. It's important that the act gives some stature within Commerce to what is really the most important industry in America today. We are losing an awful lot of business in the world tourism market, and we need to raise the level of public awareness of the importance of the industry.

When you see a restaurant, for instance, you just don't think about it in terms of tourism. It's a building and an economic enterprise, but you don't think about it in terms of money flowing in and out of the community. Any time you can focus on that at the local, state and federal government level, it's a smart thing to do. But I don't think we can assume we've made it over the top of the mountain because we've created a small agency in one department of the federal government.

Your association still does more good by its involvement here on the Hill and back in the states than this agency may ever do. Unless you had a separate department of tourism, which doesn't seem likely in the immediate future, it really isn't something I would rely on.

Q: With unemployment apparently getting worse, what's your position on job creation programs like the Targeted Jobs Tax Credit, a program used extensively by the food-service industry?

A: I voted for the extension of the Targeted Jobs Tax Credit when it came up this summer as part of the tax bill. I supported it because I think it is a lot better than publicly funded, salary-subsidized approaches to employment. I know that a lot of people in the restaurant and hotel business are using the tax credit — some who might be hiring the handicapped, for instance, even if the credit didn't exist. Your industry has a tremendous record of hiring handicapped and mentally disabled persons. And many of your people were doing that before they even found out about the tax credit. But what the tax credit says to them is, you know how to do some social good in your community better than the government does, and this is a way for us to encourage you and others to do the same thing.

I see the tax credit as a kind of a pat on the back, if you will. It doesn't cost the taxpayer that much money to give employers an incentive to perform a valuable service.

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Robert E. Bradford, National Restaurant Association, 311 First St., N.W., Wash, D.C. 20001

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Steven Dahlof (same address as above)

MANAGING EDITOR (Name and Complete Mailing Address)

Carol Caprione and Elyse Cuttler (same address as above)

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Act of 1981, a one-year extension of the Targeted Jobs Tax Credit (TJTC). The targeted jobs program provides tax incentives to employers who hire people in various targeted groups. The program would have expired at the end of 1981 without congressional action.

NRA and foodservice employers led the fight to preserve the credit against heavy opposition in both houses and even from the budget-cutting Reagan administration.

NRA argued that many new jobs were created because of the credit, that the level of employer participation has continued to climb steadily and that small operations are now beginning to utilize the credit and should be allowed to continue to expand employment. The NRA position drew support from many members of Congress. Ultimately, the administration reversed its opposition. Both the House and Senate included a TJTC extension in their respective tax-cut bills.

Energy tax credit bill introduced in Senate and House...

The commercial energy tax credit legislation is still progressing on Capitol Hill. Sen. David Durenberger (R-MN) introduced the Commercial Business Energy Tax Credit Act of 1981 (S. 1288) in the Senate and, just recently, Rep. Wyche Fowler (D-GA) introduced the same bill in the House (H.R. 4912). These NRA-backed bills would give the commercial business sector a 20 percent tax credit for investing in energy-efficient equipment for their operations. (See *NRA News* interview this month.)

NRA-backed tourism policy act signed into law...

Hard work by NRA and other tourism industry groups paid off this year when Congress passed the National Tourism Policy Act, and President Reagan signed the act into law on Oct. 16. The act provides for the nation's first tourism policy and establishes a new U.S. Travel and Tourism Administration to promote the U.S. as a tourist center. NRA considered its passage a vital first step toward ensuring a coordinated federal presence in tourism.

Tourism and travel are an important component of foodservice sales, amounting to approximately one-third of total 1980 foodservice sales of $114 billion. In fact, the biggest single item in the travel budget of overseas visitors to America in 1980 was the purchase of food in restaurants and other foodservice operations. Of the $10 billion spent by foreign visitors last year, $2.4 billion was spent in eating establishments.

Travel and tourism dollars also generate a significant number of jobs. NRA estimates that 122,600 foodservice jobs are dependent on travel and tourism sales. About four out of every 10 foreign tourist-related jobs are in foodservice.

President's tax cut bill helps restaurant industry...

The NRA board of directors vigorously supported the President's economic recovery plan. Passed in early August, the tax act will cut hundreds of billions of dollars in taxes in the coming years. Faster depreciation, reduced personal and corporate taxes, increased accumulated earnings credit, reduced capital gains taxes and expanded individual retirement accounts will aid recovery of the recession-threatened business community. (See October *NRA News* for full explanation.)

Steve Finn appointed director of NRA government relations

NRA President Robert E. Bradford appointed Stephen A. Finn director of government relations for the National Restaurant Association. Finn will coordinate NRA's lobbying and government relations activities in Washington as well as the grassroots political involvement of NRA members.

Finn comes to NRA directly from U.S. Rep. William Boner's (D-TN) office where he was administrative assistant and press secretary.

"The foodservice industry has the potential for being one of the most powerful lobbying forces on Capitol Hill," Finn stated. "The large number of people in the industry and their dedication to hard work and success lead me to believe that once motivated, this industry can accomplish great things.

"I am looking forward to working closely with NRA Chairman Walter Conti, Bob Bradford and with the entire NRA board and staff," Finn said.

Foodservice industry's message must get to the Hill...

Finn said his primary objective will be to "carry the foodservice industry's message to Capitol Hill and get our people actively involved in government.

"Our members can't afford to passively sit at the receiving end of the governmental process. Our work in Congress can be much more effective when our members get involved rather than relying solely on hired hands in Washington. All it takes to make politics a dirty word is for the good people not to get involved," he explained.

Prior to his position with Rep. Boner, Finn was administrative assistant to Rep. Andy Ireland (D-FL) for four years. Finn also acted as director of legislative and public affairs to the Office of Children, Commonwealth of Massachusetts, and was a teaching fellow at the University of Virginia, Charlottesville. He earned degrees from American International College, Springfield, MA, and the University of Virginia and is currently a Ph.D. candidate in government.

"Steve Finn brings to us an impressive background in congressional relations, public affairs and management," Bradford said. "I am confident Steve will be a great asset to our association and the industry."

TRENDSETTERS

80s Breaking into the future

Although changing consumer tastes make the restaurant business interesting and exciting, they're also the reason this industry is so demanding, puzzling and challenging.

Even in today's tough economic environment there are — and will continue to be — plenty of opportunities for smart entrepreneurs to feed a public that's hungry for quality, variety and service. As Americans tightened their financial belts one more notch in 1981, successful restaurateurs responded with imaginative foods, atmosphere and entertainment at reasonable prices.

Knowing what to serve has always required some knowledge of who is eating out. Studies show that the most likely restaurant-goers are 22 to 40 years old with middle to upper incomes. But that's only part of the current dining-out story. For the average person — who now eats out three to four times a week — meals away from home are part of everyday life.

And, oh, what a life! People are busier and more active than ever before. Over half of all women are working, and households are smaller and more affluent. Just about everyone is price and value conscious. They're more selective, demanding, sophisticated and adventurous.

With 1982 just a few weeks away, it's a good time for operators to plan those all-important New Year's resolutions that will keep sales, profits and customer counts on the rise. The best way to begin is to reflect on some of the 1981 trends.

Breakfast traffic increases...

The rise — and shine — of breakfast traffic over the past year was bright news for industry members. Of all meal occasions, breakfast showed the most startling growth, increasing 11.7 percent during the summer quarter and 9.7 percent during the spring.

Why the upswing? Restaurant-goers consider the morning meal a good value because of the relatively lower cost for breakfast items. Other factors include the growing number of working women and a growing concern for nutrition.

Promotional campaigns used to attract and then accommodate morning patrons include special pricing, free coffee and complimentary newspapers. Freshly squeezed juices, seasonal fresh fruits, home-baked breads and pastries, sausage and biscuits, egg-muffin sandwiches, specialty egg dishes and breakfast buffets all lured customers away from their kitchen.

Yet perhaps the most significant morning trend was reported in an August *Wall Street Journal* article — received by the business community — that breakfast offers a flexible, less expensive and less time-consuming alternative to luncheon meetings.

One of Europe's best-loved eye-openers, the French croissant, "taste-hopped the Atlantic and isn't just for breakfast anymore," according to a May issue of *Newsweek* magazine. With the croissant came the image of French sophistication. This new style opened up a vast array of opportunities for the clever chef. On this side of the ocean, ham, cheese, pate and smoked turkey were among the fillings and flavors to join such regulars as almond, chocolate and fruit croissants.

Many other foreign imports also added excitement and variety to the restaurant menu. New cuisines which attracted loyal followings include Vietnamese, Indian, Afghan, Thai, North African, Ethiopian and Korean. Interesting variations of standard Oriental, Italian, French, Mexican and Japanese dishes found their way onto menus in many restaurants.

At a meeting of the nation's food editors last October, NRA Chairman Walter Conti pointed out the increasing importance of yet another new cuisine — American Regional. (See Bill of Fare this month.) Headlining American menus are Rock Cornish game hen, stuffed pork chops, pot roast and beef stew. In addition, the traditional pot pie got a new look and taste with crispier vegetables, thinner sauces and more buttery puff pastry.

The Idaho baked potato received a face lift in an "a-peeling" new way: as a main course, stuffed with a meat or seafood filling, as a side dish, fried with the skins, and as an appetizer, topped with melted cheese, sour cream or guacamole. And restaurateurs took advantage of the economical, versatile chicken, serving it roasted, baked, breaded, stir-fried, as a sandwich and in salads and casseroles. Chicken salad got a new taste with the addition of fruits, nuts and herbs.

For the ever-increasing number of nutrition-conscious customers, poultry was particularly tempting. What these diners wanted were healthy foods cooked simply and naturally, plus freshness, variety and a choice in portion size. (See the October *NRA News* Trendsetter section.)

Of the light, trendy foods popular in the 80s, grilled seafood was one that became a firmly established favorite in 1981. Growing interest in this new cooking method was evidenced at last year's NRA Show, where mesquite and charcoal grills were in high demand.

Also featured at the 1981 convention, which is considered a showcase of the very latest industry offerings, were

energy-efficient appliances, computerized registers, labor-saving equipment and a vast assortment of foods. Exhibiting companies introduced show-goers to an array of new treats, including turkey cold cuts, bluefish pâté, a grow-your-own-herb salad bar, deep-fried frog, aerosol sour cream, peanut butter ice cream and even smoked rattlesnake.

But even if frog and rattlesnake didn't turn up on many menus, chefs throughout the country were willing to experiment with new dishes and dynamic combinations. Among the entrees they served to a more sophisticated clientele were red snapper in cream, champagne and chive sauce, duck breast with julienne of pears, peaches and turnips and calves' liver with cracked mustard seeds.

Menus by freshness...

At the same time, a number of independent operators began changing their menus on a daily, weekly or seasonal basis in order to provide the very best fresh food available. This *du marché* — or fresh from the marketplace — style of cooking paved the way for more inventive selections and added a new dimension to the dining experience.

Diners found these imaginative dishes in a new kind of operation — the small, chic and intimate restaurant. The format of these restaurants is elegant and personal; the price, expensive. Operators found that if they offered outstanding food, service and ambience, the 1981 customer was willing to pay for it.

Other restaurateurs found entertainment could make a meal an "experience." Along with the standard varieties — vocalists, pianists and recorded music — some spots featured the talents of their staff and local clientele. And then there was the industrywide surge in electronics. Guests fed quarter after quarter into video games and watched oversized televisions tuned in to everything from sporting events to soap operas.

Overall, the most successful establishments in 1981 turned out to be those restaurants which were in some way unique. The trend was to differentiate, to find some way to make your operation stand out from all the rest. For fast food, being different meant serving whole wheat buns, ranch-cut fries or unusual specialty sandwiches. The possibilities were even more extensive at tableservice restaurants, ranging from freshly baked breads to elaborate hors d'oeuvre, salad or dessert bars.

Promotions also proved to be a profitable merchandising tool in the 80s. Among the biggest promoters were the chain restaurants, which used coupons, sweepstakes, discounts, premiums and the newest favorite, games, to boost value perception. Shortly after, dinner houses hopped on the promotion bandwagon with special menus, holiday celebrations, happy hours, retailing corners and fixed-price meals.

In 1981, restaurateurs started turning to the growing number of architects and decorators who actually specialize in restaurant design. What these professionals came up with was a variety of styles, from high-tech to art deco. Brass, potted plants, exhibition kitchens and multileveled interiors were a few of the most popular features; trendy colors included pink, mauve, peach, apricot, gray and beige.

The inner city is in...

Operators are looking more and more frequently at old buildings, often in faded neighborhoods, to renovate for future restaurant sites. They are moving back into town with the younger affluent professionals. With soaring real estate prices expected to continue, this innovative, cost-effective practice should be increasingly important in the years ahead.

And in the ongoing battle against inflation, restaurateurs carried on their efforts to cut costs and broaden existing customer bases. Among the most widely used methods were creative scheduling, more self-service, take-out facilities, late-night hours and selective menus.

Yet despite tough times, the foodservice industry did find an inexpensive way for the dining-out public to satisfy its yearning for luxury. Premium ice cream, according to an August *Time* magazine article, is today's "drug of choice." Flavors like chocolate cinnamon, banana coffee and cappucino were among a long list of favorites available in both specialty shops and fine dining operations.

There was also something new for ice cream lovers — the introduction of "mix-ins." From a list which includes such goodies as M&M's, crushed Heath bars, banana chips, granola, sunflower seeds and Oreo cookie crumbs, customers select the ones they want kneaded into an extra large scoop.

Then there were others who preferred to drink their "luxury." For this group, imported beer was a wonderful, low-cost indulgence. Many operations stock 50 or more brands and award prizes to guests who sampled them all.

On the grapevine, the wine bar concept was refined in 1981, appealing to both seasoned and novice wine drinkers. Also, white wines continued to outdistance reds and roses, and California varieties remained a favorite for taste and budgetary reasons.

What can operators expect after they toast the new year? One of the ways to predict future trends is to study the newest, most talked-about restaurants of 1981. In its August cover story, *Esquire* magazine reported that one of the hottest spots in Los Angeles was a glittery "see-and-be-seen" place offering spicy chopped beef in lettuce leaves and Indonesian-style cold chicken in peanut butter sauce. In Chicago, the newest seafood restaurant was flying in fish from France, while New Yorkers were combining lower-Manhatten chic with *nouvelle cuisine*.

But the soundest advice for the 80s is for operators to know the marketplace: the who, what, when, where and why of today's restaurant-goers. (See this month's Foodservice Trends for "Forecast 82.") Because once a restaurateur is able to meet the needs of the dining out public, he can bet his pink peppercorns that his place will be a success.

FOODSERVICE TRENDS

Foodservice industry sales projected $136.7 billion in 1982

- Eating place sales forecast for 1982 — state-by-state data
- Industry sales reach $124.7 billion in 1981
- Consumers' appetite for restaurant meals far from satisfied

HIGHLIGHTS

NRA's 1982 industry forecast projects improved real growth and moderating menu prices.

- Foodservice industry sales are projected to reach $136.7 billion in 1982 — a 9.7 percent increase over 1981.
- Real sales, adjusted for inflation, will advance 1.3 percent — well above 1981 more modest increase of 0.4 percent.
- Performance by different sectors of the foodservice industry will be mixed. Real sales in the Commercial Group are forecast to rise 1.7 percent while Institutional Group real sales decline 0.7 percent.
- Transportation foodservice and fast food restaurants will post the largest real sales gains in the industry.
- Eating places, which account for about 60 percent of sales, are projected to record a sales increase of 10.4 percent in 1982.
- Menu prices will continue to moderate, rising 8.4 percent in 1982 — almost a full percentage point below the 9.3 percent increase during 1981.
- As inflation slows and the consumer's economic situation improves, real eating place sales are projected to register a 2.0 percent gain in 1982.

The information contained in this report was prepared in consultation with the research firm Malcolm M. Knapp, Inc.

"NRA projects that foodservice industry sales will reach nearly $137 billion next year — an increase of 9.7 percent over 1981's total of $124.7 billion," announced NRA Chairman Walter Conti. Sales, unadjusted for inflation, will be up $12 billion in 1982 compared to a similar jump of nearly $11.6 billion in 1981.

Growth in real sales, adjusted for inflation, will improve substantially, Conti continued. Showing their second consecutive gain, real sales are projected to rise 1.3 percent in 1982, following a 0.4 percent increase in 1981. Real sales, in actual dollars, will jump $1.6 billion in 1982 — more than double the $0.7 billion estimated in 1981.

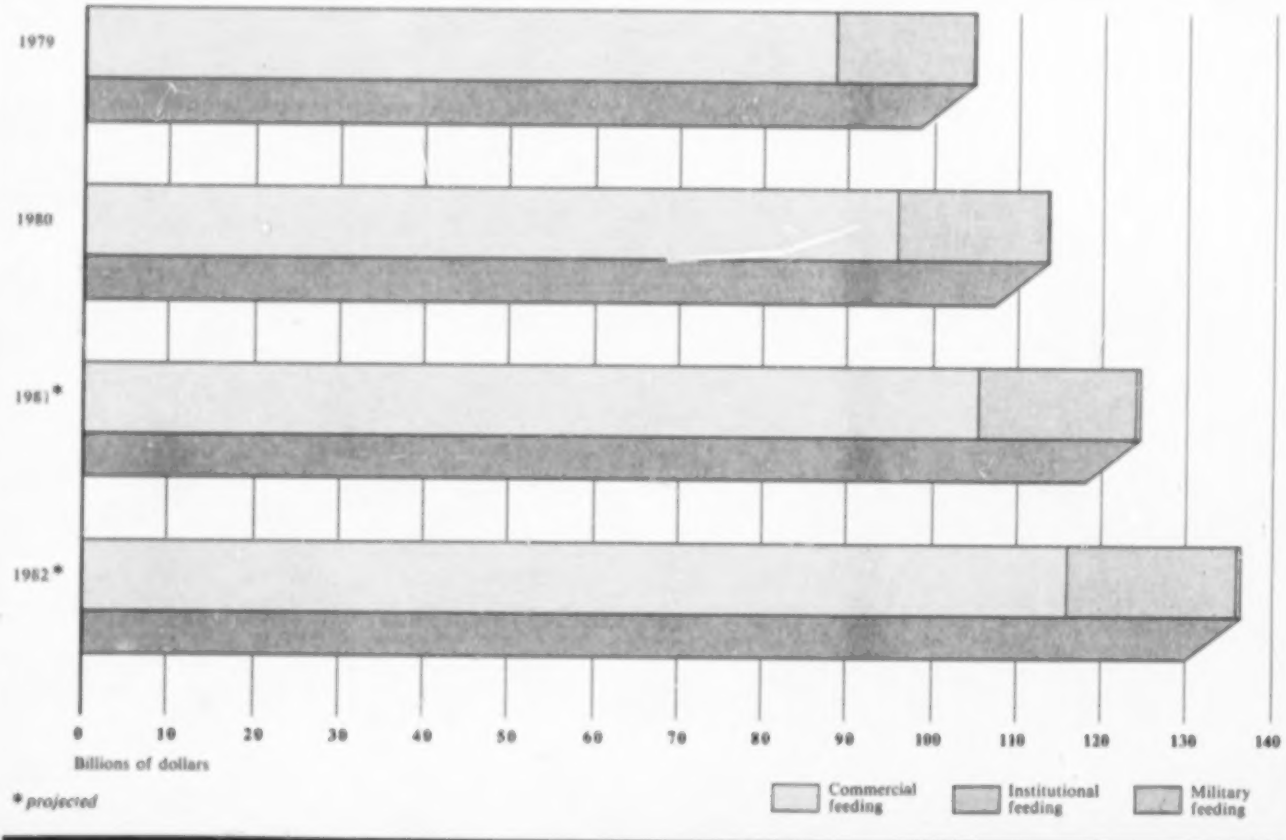
Although menu price increases have abated from an 11.2 percent rise in 1978 to a projected 8.4 percent gain in 1982, inflation continues to account for well over four-fifths of the annual jump in foodservice sales. Of the $12 billion sales increase forecast for 1982, just $1.6 billion will represent real growth.

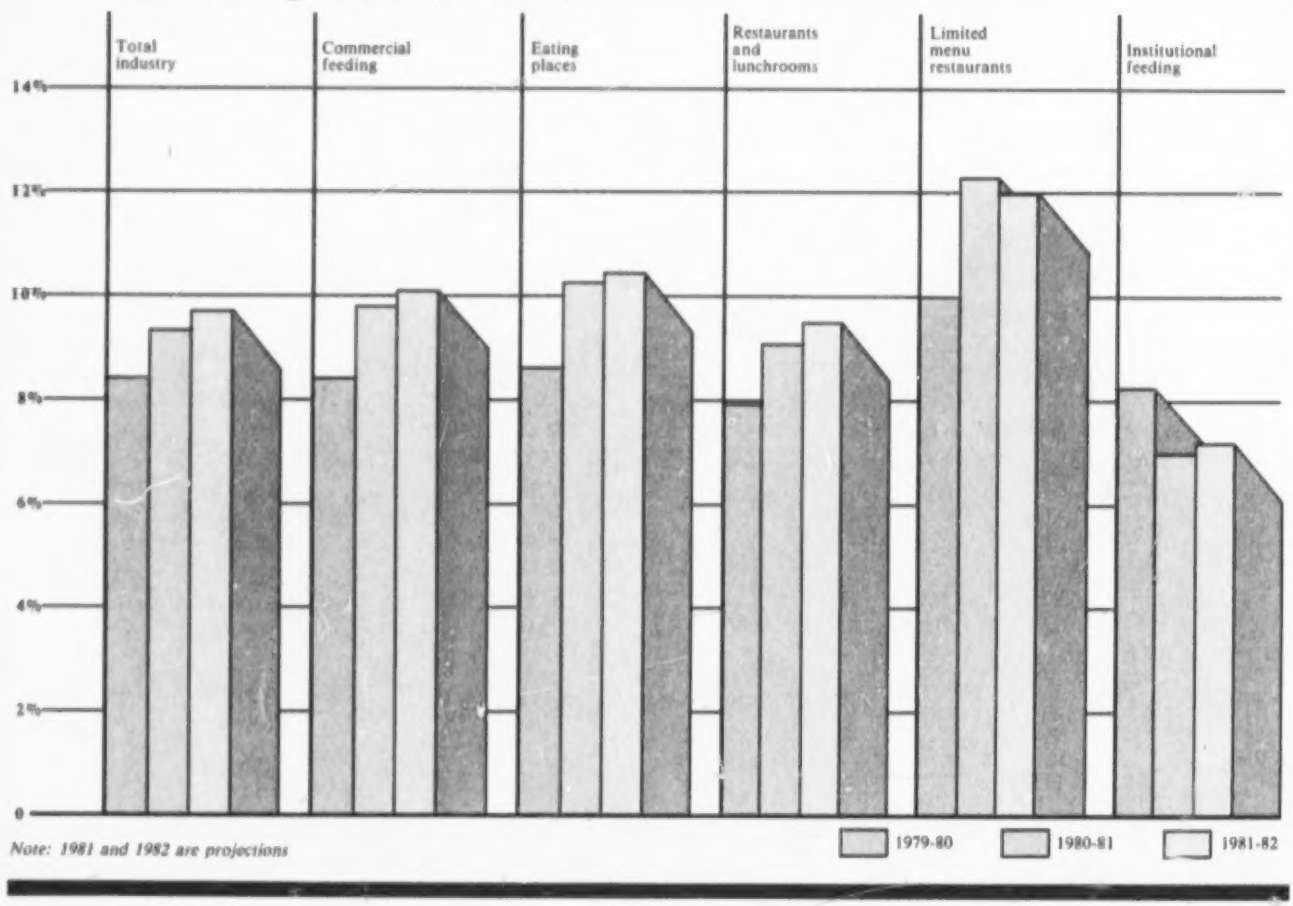
NRA Chairman Walter Conti

NRA's forecast for improved real sales growth is based on a modest recovery in the economy, particularly during the second half of 1982. The overall rate of inflation is expected to slow down. In addition, consumers will receive further tax cuts in mid-1982, which will increase their disposable income.

Food and drink sales for the Commercial Group will top $116 billion next year — up 10.1 percent following an increase of 9.8 percent in 1981. Real sales in the Commercial sector are expected to rise 1.7 percent in 1982, a substantial improvement over the 0.5 percent increase in 1981.

Foodservice industry sales projections 1979-1982





Note: 1981 and 1982 are projections

Sales for the Institutional Group are projected to reach nearly $20 billion in 1982, up 7.2 percent compared to a 7.0 percent gain in 1981. Due primarily to sharp declines in real sales at schools and community centers, however, real sales for the Institutional Group are expected to be off 0.7 percent in 1982. In 1981, real sales were down only 0.2 percent for the Institutional Group.

Demographics favor foodservice . . .

Long-term demographic and social trends continue to favor foodservice. Currently the industry captures approximately 37 percent of the total food dollar — up from 33 percent in 1970.

Demographic trends that are most beneficial for the foodservice industry include

- increasing numbers of working wives
- more affluent two-income households
- smaller families and more single-person households and
- growth in the population age 25–44.

Census projections indicate that these groups, which tend to spend more for eating away from home, will continue to enlarge during the 80s.

In addition, a new NRA consumer survey reveals that the public's appetite for meals away from home is far from satiated. In fact, if all consumers were able to eat out as often as they would like, customer traffic at our nation's restaurants would jump by one-third. (See the accompanying article in Foodservice Trends.)

In the following sections of this report, we will examine in some detail

- the economic and consumer climate for foodservice in 1981–82

- the outlook for eating place sales, menu prices and real growth
- how restaurants are responding to the challenges of 1981–82 and
- the outlook for the commercial and institutional sectors of the industry.

The "background" section at the end of this report contains technical details which may interest some readers. It should be noted here, however, that our forecast does not pretend to the decimal point accuracy shown. These precise figures, rather than ranges, are given for the sake of convenience.

Economic and consumer climate improves in 1981...

A moderation of inflationary pressure, along with growth in consumer incomes and improved consumer confidence, exerted a positive impact on foodservice industry sales in 1981.

The industry was favored with rising customer counts throughout much of 1981. Following a decline during the winter months, customer traffic increased dramatically in the spring and summer, rising more than five percent from a year ago. Apparently consumers responded to improving economic conditions and a lessening of the inflationary burden by eating out more frequently.

Customer traffic was up for all meal occasions with particularly strong growth for breakfast. The increase in traffic during much of 1981 was based on a combination of factors.

First, the proportion of families eating away from home increased as many of those who left the market entirely in 1979 and 1980 began to return to restaurants. In addition, those who had never left the market ate out more frequently. Fast food and family restaurants were the prime beneficiaries. Both restaurant categories experienced strong growth in visit frequency and market penetration. These lower-priced restaurants attracted more customers, as families who are still very much aware of the price/value relationship traded down.

The long awaited weakening in the economy is now under way. With continued high interest rates and rising unemployment, consumers have again reduced their eating out activity. Prospects for November and December 1981, however, are relatively good. Eating place sales are projected to gain 11 percent in the fourth quarter.

Demand for meals to increase in 1982...

During 1982, a consensus forecast calls for a modest growth in the real gross national product (GNP). Most of this increase will occur in the second half of the year.

Inflation, as measured by the Consumer Price Index (CPI), is expected to slow significantly in 1982 — to eight percent. After jumps of more than 10 percent in 1981, 13.5 percent in 1980 and 11.3 percent in 1979, next year's moderate increase will be a substantial improvement.

Interest rates do represent something of a question mark in the economic outlook for next year. Although interest rates could remain relatively high, they are not expected to rise as rapidly as they did in 1981. If rates remain at extremely high levels, continued economic recovery could be delayed.

For the first time in several years, the outlook for energy prices is relatively bright. Data Resources, Inc. estimates that energy expenditures per household will rise only 3.5 percent in 1982 after jumping more than 20 percent per year in 1979 and 1980.

NRA's favorable 1982 forecast for industry growth is based on increased demand for meals away from home, especially during the second half of next year. Important contributing factors include

- moderating inflation
- the tax cut which will put dollars into the consumers' pockets and
- improved consumer sentiment.

In 1982, disposable income is expected to increase 11.2 percent as federal tax rates are reduced. Individual tax rates were cut five percent on Oct. 1, 1981, with an additional 10 percent cut mandated for next July. It is estimated that the October 1981 and July 1982 tax cuts will put more than $35 billion back into consumers' pockets even after subtracting tax bracket creep due to inflation and the increase in Social Security taxes that will go into effect on Jan. 1, 1982.

The extent to which consumers will spend or save the increased disposable income from these tax cuts is unknown. Currently, savings rates are relatively low. However, several new tax laws reward savings. Both all-savers' certificates and the availability of IRAs to employees of firms with pension plans will significantly stimulate savings. Thus, it is likely that much of the windfall consumers receive will be invested in savings of one kind or another. Personal tax relief for working couples should help the foodservice industry, however, since these couples depend heavily on the convenience factor associated with eating out.

In short, the reduction in tax rates will boost disposable income, but consumers are likely to direct a relatively large proportion of these dollars to savings.

The foodservice industry — food and drink sales projected to 1982

	1979 estimated F&D sales* ($000)	1981 projected F&D sales* ($000)	1982 projected F&D sales* ($000)	1981-1982 percent change	1981-1982 percent real growth change	1979-1982 compound annual growth rate
Group I — Commercial feeding[1]						
Eating places						
Restaurants, lunchrooms	$ 33,398,455	$ 39,324,429	$ 43,060,250	9.5%	1.1%	8.8%
Limited menu restaurants (refreshment places)	24,936,227	30,809,321	34,511,268	12.0	3.6	11.4
Commercial cafeterias	2,045,336	2,315,442	2,472,892	6.8	-1.6	6.5
Social caterers	748,981	806,206	835,229	3.6	-4.8	3.7
Ice cream, frozen custard stands	1,189,556	1,419,716	1,561,687	10.0	1.6	9.5
Total eating places	$ 62,318,555	$ 74,675,114	$ 82,441,326	10.4	2.0	9.8
Bars and taverns	7,178,715	8,321,422	8,953,850	7.6	-0.8	7.6
Total eating & drinking places	$ 69,497,270[2]	$ 82,996,536	$ 91,395,176	10.1	1.7	9.6
Food contractors						
Manufacturing & industrial plants	2,016,619	2,300,039	2,518,543	9.5	1.1	7.7
Commercial & office buildings	541,134	656,510	726,757	10.7	2.3	10.3
Hospitals & nursing homes	751,334	879,433	948,908	7.9	0.9	8.1
Colleges & universities	1,004,381	1,218,617	1,307,576	7.3	2.3	9.2
Primary & secondary schools	576,790	670,897	741,341	10.5	-3.5	8.7
In-transit feeding (airlines)	476,067	532,367	587,733	10.4	4.3	7.3
Recreation & sports centers	875,370	1,060,231	1,182,157	11.5	3.1	10.5
Total food contractors	$ 6,241,695	$ 7,318,094	$ 8,013,015	9.5	1.2	8.7
Hotel restaurants	$ 3,285,061	$ 3,838,741	$ 4,243,837	10.6	2.2	8.9
Motor hotel restaurants	808,470	946,491	1,042,086	10.1	1.7	8.8
Motel restaurants	1,798,529	2,099,609	2,301,171	9.6	1.2	8.6
Total lodging places	$ 5,892,060	$ 6,884,841	$ 7,587,094	10.2	1.8	8.9
Retail host restaurants[3]	3,075,455	3,651,428	4,016,570	10.0	1.6	9.3
Recreation & sports[4]	1,252,230	1,544,257	1,717,191	11.2	2.8	11.1
Mobile caterers	434,360	506,539	557,193	10.0	0.7	8.7
Vending & non-store retailers[5]	2,347,474	2,701,248	2,979,476	10.3	1.0	8.3
Total group I	**$ 88,760,544**	**$105,682,923**	**$116,265,715**	**10.1%**	**1.7%**	**9.4%**
Group II — Institutional feeding-business, educational, government, or institutional organizations which operate their own foodservice						
Employee feeding[6]	$ 1,535,294	$ 1,738,876	$ 1,874,508	7.8%	0.5%	6.9%
Public & parochial elementary and secondary schools	2,136,253	2,436,557	2,619,299	7.5	-6.5	7.0
Colleges & universities	2,039,348	2,438,549	2,611,685	7.1	0.1	8.6
Transportation	576,579	655,508	721,714	10.1	4.0	7.8
Hospitals[7]	6,055,464	7,005,810	7,508,084	7.2	0.2	7.4
Nursing homes, homes for aged, blind, orphans, mentally & physically handicapped[8]	2,205,805	2,577,350	2,780,961	7.9	0.9	8.0
Clubs, sporting & recreational camps	1,049,175	1,200,072	1,290,077	7.5	0.2	7.1
Community centers	318,723	374,941	348,695	-7.0	-12.7	3.0
Total group II	**$ 15,916,641**	**$ 18,425,663**	**$ 19,755,023**	**7.2%**	**-0.7%**	**7.5%**
Total group I & II	**$104,657,185**	**$124,028,586**	**$136,020,738**	**9.7%**	**1.3%**	**9.1%**
Group III — Military feeding[9]						
Officers & NCO clubs ("Open Mess")	$ 359,555	$ 404,344	$ 434,265	7.4%	-1.0%	6.5%
Foodservice — military exchanges	195,321	224,440	244,415	8.9	0.5	7.8
Total group III	**$ 554,876**	**$ 628,784**	**$ 678,680**	**7.9%**	**-0.5%**	**6.9%**
Grand total	**$105,212,061**	**$124,657,370**	**$136,699,418**	**9.7%**	**1.3%**	**9.1%**

Footnotes

1. Data are given only for establishments with payroll.
2. Food and drink sales for non-payroll establishments totaled $2,171,295,000 in 1979.
3. Includes drug and proprietary store restaurants, general merchandise store restaurants, variety store restaurants, food store restaurants and grocery store restaurants, gasoline service station restaurants and miscellaneous retailers.
4. Includes drive-in movies, bowling lanes, recreation and sport centers.
5. Includes sales of hot food, sandwiches, pastries, coffee and other hot beverages.
6. Includes industrial and commercial organizations, stevedoring and inland waterway vessels.
7. Includes voluntary and proprietary hospitals, long-term general, TB, nervous and mental hospitals and sales at commercial equivalent to employees in state and local short-term hospitals and federal hospitals.
8. Sales (commercial equivalent calculated for nursing homes and homes for aged only. All others in this grouping making no charge for food served either in cash or in kind.)
9. Continental U.S. only.
**F&D sales — food and drink sales in the foodservice industry*

Eating places in 1982: Sales up 10.4 percent, real growth 2.0 percent . . .

The outlook for food and drink sales at eating places,* which account for about 60 percent of the foodservice industry, will depend on the economic conditions prevailing in 1982. The 1982 outlook is heavily influenced by consumer confidence in their financial situation, consumer spending for goods and services, the overall rate of inflation and growth in consumer incomes. There is likely to be a continued erratic pattern in eating out behavior. Consumers will continue to react strongly to short term economic news as they did in 1981. As a result, monthly sales patterns may remain as unsteady as they have been during recent years.

Based on the economic outlook summarized in the preceding section, eating place sales are projected to total $82.4 billion in 1982, up 10.4 percent for a gain similar to that achieved in 1981. This increase is somewhat below the 12 percent annual growth rate registered during the 1970s.

Real sales, adjusting for menu price inflation, however, will fare significantly better in 1982 than in any of the past three years. NRA's forecast for a real sales gain of 2.0 percent is based on the economic conditions reviewed earlier. This projected rise outshines declines in real sales during 1979 and 1980, followed by an increase of 1.0 percent in 1981.

Quarterly performance may be somewhat erratic due to the combined effect of economic trends and the strengths and weaknesses of comparable periods a year ago.

First quarter sales growth should outpace the 9.3 percent increase registered in 1981. However, second quarter increases will not measure up to the 11.7 percent sales gain in 1981 due to the relatively slow pace of economic activity and the strength of year-earlier growth. Eating place sales should perform well in the third quarter as economic activity strengthens, and in the fourth quarter they are expected to advance by about 11 percent.

One of the premises of the NRA 1982 forecast is that the gain in eating place sales will lag a full percentage point behind growth in disposable income. After narrowing the gap between gains in disposable income and sales in 1981, this variance is expected to widen in 1982 because tax reductions are expected to induce savings by consumers.

In 1981, NRA correctly predicted that reduced inflationary pressure would result in a narrowing in the gap between income and sales growth. Although eating place sales gains generally outpaced income growth in the early and mid-70s, this has not been the trend recently. As fixed costs, such as housing, energy and transportation, have spiraled, consumers have felt the pinch on their budgets. Unless the rate of inflation slows dramatically, it is unlikely that eating place sales will enjoy the favorable position relative to income growth.

**Eating places include restaurants, lunchrooms, limited-menu restaurants (refreshment places), commercial cafeterias, social caterers and ice cream and frozen custard stands.*

Fast food to post strong real growth . . .

Among eating places, *limited menu restaurants* will preserve their dominance in terms of real growth with an increase of 3.6 percent. This gain is up from the 3.0 percent rise posted in 1981. Much of this continued growth is due to the following three factors.

- To some extent, customers will continue to trade down as they look for a good price/value relationship. Price/value, which was the tenth or eleventh ranked attribute in choosing a restaurant during the 1960s, now ranks number two or three with consumers.
- Continued use of promotions will build customer counts. Promotions were associated with a record number of customer visits in 1981. The public has not tired of them yet.
- Despite high interest rates, unit construction is planned but at a slower pace than several years ago.

Restaurants, the largest eating place category, will post sales of $43.1 billion in 1982 for an increase of 9.5 percent. This sales gain will be the strongest since 1977. In real terms, sales are expected to rise 1.1 percent, marking a return to the positive side after several years. This increase will be due to an overall improvement in economic conditions coupled with a modest reversal in trading down.

Commercial cafeterias are expected to do better in 1982 with a sales gain projected at 6.8 percent. They will experience a real sales decline of 1.6 percent, however, as some units close and new openings are smaller. Although many cafeterias are doing well, some are faced with economic pressures inherent in serving a large choice of items with not enough customer turnover.

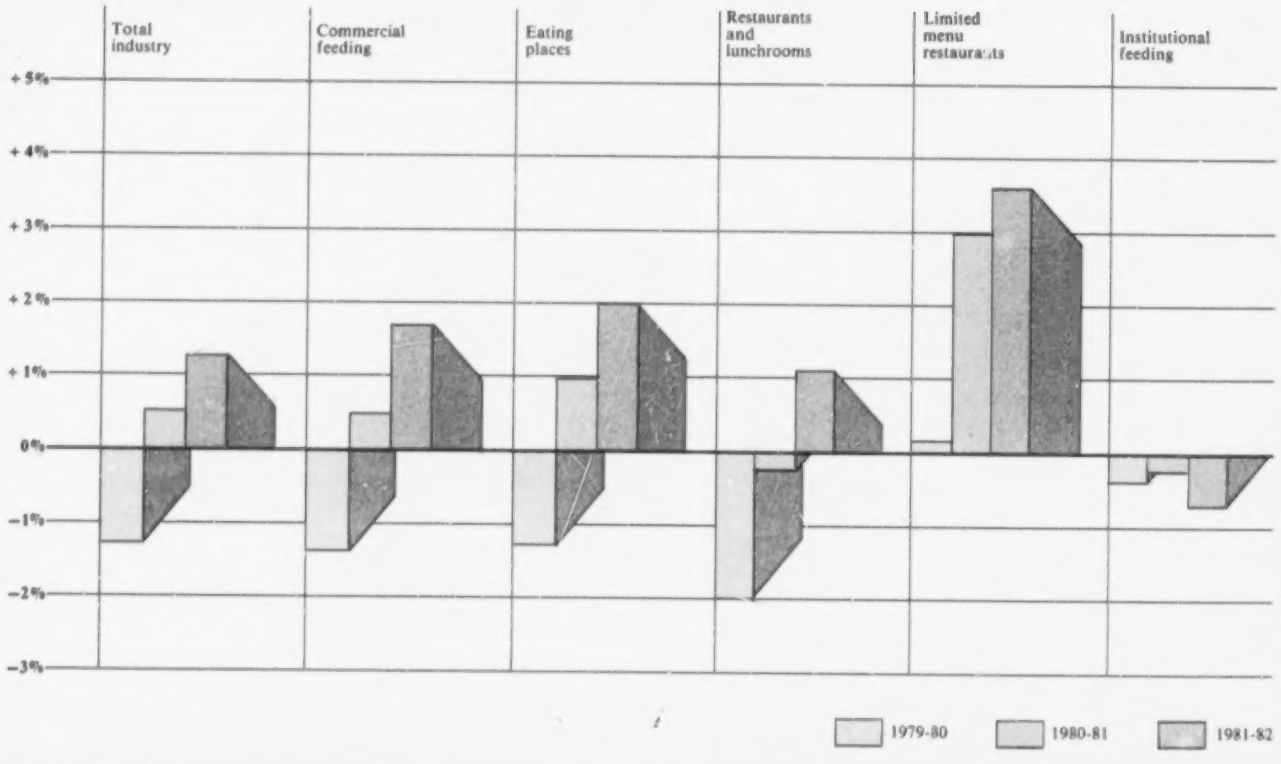
Although *ice cream and frozen custard stands* can no longer boast of their spectacular growth during earlier years, they are expected to have a real sales gain of 1.6 percent in 1982. This increase is an improvement from the 1981 real gain of 0.8 percent.

Social caterers face the same problems they did in 1981. Restaurants are competing for their business, hotels are trying harder and non-professionals looking for extra money are continuing to make inroads in their business.

Menu prices to moderate . . .

Menu prices are projected to rise 8.4 percent in 1982, well below the 1981 increase of 9.3 and steeper jumps of 11.2 and 9.9 percent in 1979 and 1980, respectively.

NRA's menu price forecast is based on increases in food,



labor, energy and other operating costs expected to occur in 1982. Some increase in meat and dairy prices, coupled with increased marketing costs for other products, will boost food prices next year by about six percent. Although there is no scheduled increase in the federal minimum wage next year, labor costs will rise about seven percent in line with increases in other industries, as well as rises in Social Security and other benefit costs. Other operating costs should advanced at a rate of nearly eight percent, similar to the GNP deflator.

The foregoing cost increases combined with efforts by operators to boost margins will also result in increased menu prices. If less effort is made to increase margins, there is a possibility that menu price increases would be even more moderate.

Restaurants meet the challenges of 1981-82...

On the operations side, a number of long-term challenges face the industry. Foremost among these are

- controlling costs to maintain margins and
- attracting and training qualified personnel.

Operators will also be challenged to create the ambience that the public is looking for. Upgrading decor continues to be an important part of the marketing mix.

Operators will continue their efforts to spot hot new concepts and incorporate them as rapidly as possible in order to capture sales in the dynamic market place. For example, games and game rooms in restaurants are spreading to many sections of the industry as operators capitalize on the excellent return on investment associated with this growing consumer preoccupation.

Quality becomes a must...

Today's consumer has become increasingly quality conscious. Quality is associated with convenience and speed of service at a fast food unit while other attributes are associated with quality at different types of restaurants. Quality, rather than being a single standard, concerns the restaurateur's ability to deliver the total product he has promised.

Menu selection increases . . .

In the coming year, operators will be challenged to expand menus without diluting or destroying their original concept. Menu expansion will continue in order to broaden appeal by giving consumers more alternatives in terms of specific items and price. Healthy foods and lighter foods are receiving considerable attention in some quarters while many fast food firms are bringing out a variety of larger sandwiches. In addition, fresh foods are attracting more interest as are specific meal periods. For many, breakfast is an inviting new market.

Imagination may be the new value ingredient. There is a rising demand for imagination throughout any restaurant operation from presentation and concept to decor, menu items and design. Consumers want to be entertained. On the other hand, the demand for convenience has remained the one constant which restaurateurs must meet.

Some foodservice contractors to enjoy renewed growth . . .

Airline foodservice contractors will post a four percent real sales gain — the largest in the remaining sectors of the Commercial Feeding Group. *Recreation and sports foodservice* will rank second in real sales growth.

Eating and drinking places account for about 80 percent of sales in the Commercial Group. The remaining categories representing approximately one-fifth of sales, include foodservice contractors, lodging places, retail hosts, recreation and sports centers, mobile caterers, vending and non-store retailers.

Overall sales for foodservice contractors will total about $8 billion in 1982 — up 9.5 percent from 1981 and well ahead of the three-year compound growth. Real sales are projected to rise 1.2 percent, but the sales forecast varies for different types of contract service. While sales by in-transit and recreational feeders will post strong real gains, sales by school feeders will register a decline of 3.5 percent.

The strong growth in real sales projected for *airline foodservice* contractors in 1982 represents a recovery from 1981 strike-affected sales. In 1981, air traffic declined by about nine percent, and sales were up just one percent. Next year, airline traffic is projected to partially recover and rise four to five percent. In addition, the rise in the proportion of long distance flights with more meal service will favor contractors serving airlines.

Recreation and sports centers were also affected by strikes in 1981 due to disputes between baseball players and team owners. Resumption of the normal baseball season will be in part responsible for the projected 3.1 percent real growth expected for contractors serving sports and recreation centers. In addition, prospects for good gasoline supplies at fairly stable prices should continue to support a strong gain for recreational foodservice contractors.

Another area expected to experience real gains in excess of one percent is *employee feeding*. Industrial employment is projected to increase by 1.6 percent next year. The forecast for real sales growth for food service contractors at *industrial and manufacturing plants* is moderated, however, by the tendency to reduce manual feeding in favor of vending. Contractors serving *office buildings* will enjoy strong real growth of 2.3 percent due to increases in white-collar employment. Expansion will lag somewhat in 1982, however, as some corporations attempt to cut headquarters staff.

A real sales gain of nearly one percent is forecast for contractors serving *nursing homes*.

Modest gains for food contractors at *colleges and universities* reflect the trend toward the use of more professional feeders to keep costs in line. A real decline of 3.5 percent in contract service at *primary and secondary schools* will be due to another drop in enrollment and funding cutbacks.

Foodservice at lodging places recovers from depressed levels . . .

Although the *hotel and motel* industry is undergoing major construction in downtown locations, 1981 was difficult for several reasons. The airline strike and the general reduction in flights has constricted business and tourist travel to some extent. In addition, a strong rally in the value of the U.S. dollar versus foreign currencies reduced the number of travelers from abroad. A 1982 real gain of 1.8 percent in foodservice sales at lodging places is based largely on a rebound from depressed 1981 sales.

Retail host restaurants are expected to post sales of over $4 billion in 1982 — up 10 percent from this year, which is well above the three-year average. Real sales growth will approximate 1.6 percent due primarily to strong performance for convenience stores.

Sales for *mobile caterers* will be up by 10 percent next year, however, a real growth of only 0.7 percent is projected. Mobile caterers will not post the robust gains of the 1970s because of a lag in construction employment.

Vending sales are projected to reach nearly $3 billion in 1982 with a real growth of one percent. There has been some reduction in the use of vending machines as a result of economic conditions.

Institutional foodservice outlook mixed . . .

The outlook for the Institutional Group is mixed, with community centers and elementary and secondary schools experiencing sharp declines while the transportation sector enjoys significant real growth. Sales for institutional feeders

are expected to reach $19.8 billion in 1982 — a 7.2 percent increase over 1981. Overall, 1982 institutional sales are projected to drop 0.7 percent in real terms due to declining or stable population levels at many of these facilities and the sharp drops expected for community centers and schools.

Employee feeding will receive a boost from the projected gain of more than one percent in industrial employment. Total sales are expected to reach nearly $1.9 billion in 1982, up 7.8 percent from this year. The 1982 sales gain represents an improvement over 1980 and 1981 sales as economic conditions improve and food prices moderate.

Real sales growth will approximate only 0.5 percent as foodservice contractors continue to make inroads in the employee feeding market.

A sharp drop in enrollment coupled with reduced federal aid, will adversely affect the prospects for foodservice at *public and parochial schools*. Schools are faced with a two percent decline in the number of students next year — a continuing situation that is not expected to reverse itself until 1985 or 1986. In addition, the National School Lunch Program has been subjected to widely publicized cuts in aid. As a result, foodservice sales, in real terms, will be off by about 6.5 percent next year.

Real sales at *colleges and universities* will remain virtually flat in 1982. Although the 1980 enrollment increased sharply, gains were negligible in 1981, and little change is expected next year.

Transportation is a bright spot in the institutional market as airlines recover from the 1981 strike that lowered foodservice volume. Next year sales should reach nearly $722 million, up 10.1 percent from 1981 with a real gain of about four percent.

Hospitals will post sales of about $7.5 billion in 1982, up 7.2 percent from this year — generally in line with the long-term trend. Real sales will be up slightly as hospital employment increases and community hospitals take on more patients.

Institutional foodservice at *nursing homes* will experience a real gain of nearly one percent in 1982. As people tend to live longer and the elderly population increases relative to total population, the number which resides in nursing homes continues to grow.

Clubs, sporting and recreational camps will post a sales gain of 7.5 percent in 1982. Contrary to this year's experience, there will be a slight real gain in sales as people use clubs for business and social entertaining.

Military sales to post a real decline...

Foodservice sales for the Military Group will total a projected $679 million in 1982, up 7.9 percent from this year. Although sales growth in the Military Group is well below commercial and institutional foodservice sales levels, the percentage increase for PXs and military clubs is substantially above the long-term trend for the group. Foodservice sales for military clubs are projected to decline one percent in 1982. Military exchanges will post a small increase of 0.5 percent due primarily to the convenience factor associated with their foodservice.

Background...

NRA's initial sales projections for 1982, revised projections for 1981 and final estimates for 1979 are published here. Comparable historical sales data from 1970 to 1979 appear in *Foodservice Sales Panorama*. This comprehensive industry reference book is available from NRA's Educational Materials Center.

NRA's annual foodservice industry forecast includes both nominal and real percent changes in sales for all industry sectors. Real growth is calculated separately for each market segment. In the case of eating places, the projected percent increase in menu price is subtracted from the percent increase in sales. For drinking places, it is necessary to make a special estimate of the inflation factor which is weighted more heavily toward alcoholic beverages. For other industry sectors, such as colleges and universities, whose expenses are largely determined by food costs, a modification of the projected increase in the Producer Price Index for food was used. Modifications to this index are based on historical patterns for each industry sector. The food cost component constitutes the base percent increase which is adjusted to reflect population changes and other factors.

For the total foodservice industry as well as the totals for the Commercial and Institutional Groups, real 1982 sales for each sector were developed by multiplying current dollar 1981 sales by respective real growth factors. The real sales figures were then added and compared with 1981 totals to obtain overall real growth.

A word of caution is necessary with all forecasts. Sales projections for 1982 are based on the best data available in early October 1981. If the outlook for general economic conditions or the food situation changes significantly in the coming year, our projections will require adjustment. In addition, the performance of individual companies or sales in local areas may differ substantially from the U.S. outlook.

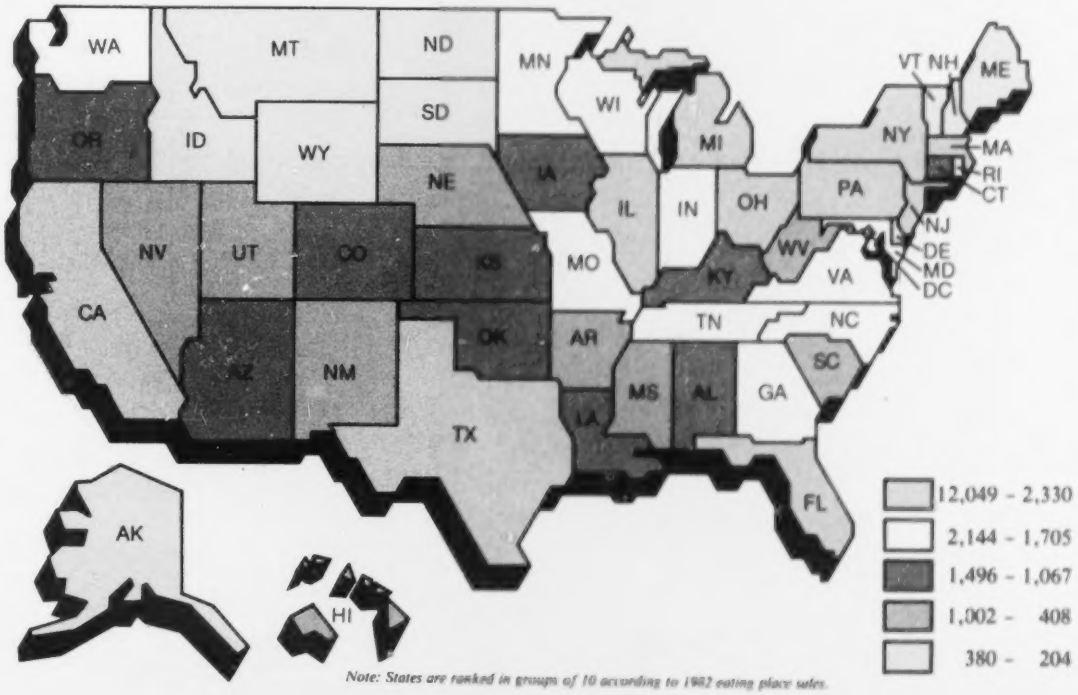
Eating place sales forecast for 1982 — state-by-state data

For the second year the National Restaurant Association is forecasting 1982 eating place sales for each of the 50 states and the District of Columbia. This information makes an important contribution to the overall understanding of the foodservice industry. It is also beneficial to restaurant operators when comparing their sales performance with the average for their state or region and in planning for the coming year.

Growth in eating place sales may differ substantially from region to region depending on the economic situation in each state. Varying rates of income, population and employment growth make a state-by-state forecast particularly valuable. The two maps located on this page and the following one illustrate the wide diversity in the size and growth of eating place sales by state.

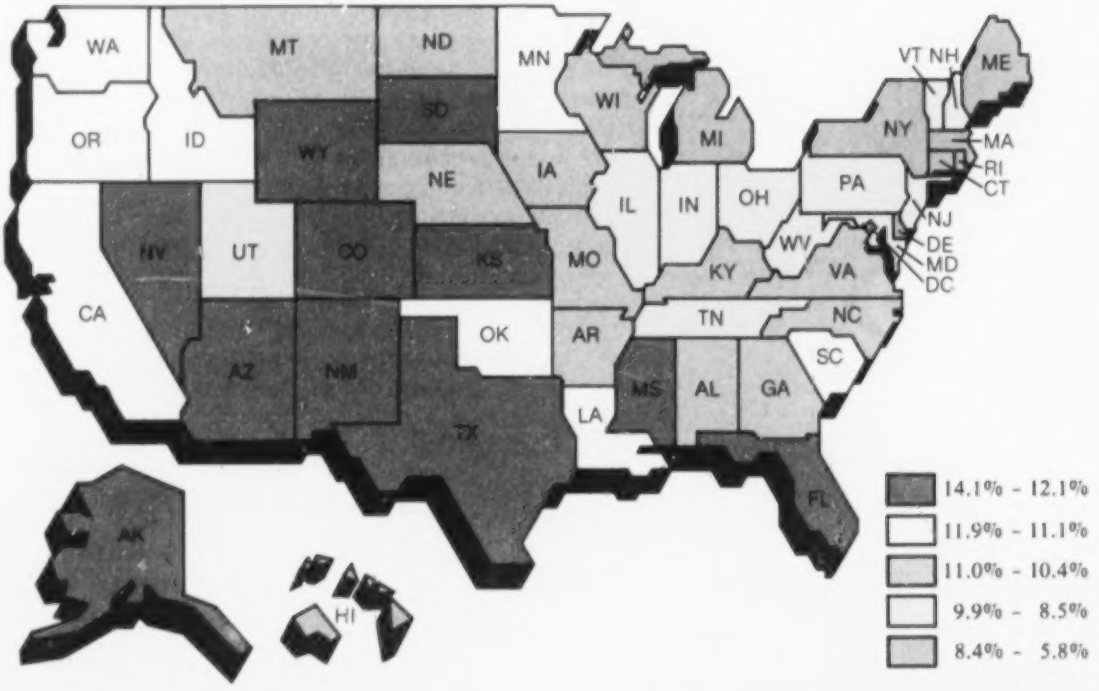
The economic and sales data for the states have been arranged according to the nine census regions. Included for each state are data on eating place sales, disposable personal income and manufacturing and non-manufacturing employment for 1981 and 1982. Much of the information

Eating place sales in 1982 (millions of dollars)



Note: States are ranked in groups of 10 according to 1982 eating place sales.

Percent change in eating place sales, 1981–1982



in this report is compiled from government and private sources, such as the Bureau of Economic Analysis, the U.S. Chamber of Commerce and the Conference Board.

The estimates for eating place sales used here were prepared through consultation with the research firm Malcolm M. Knapp, Inc. State-by-state historical eating place sales trends between 1972 and 1977 form the basis for the projections. These sales figures have been modified, based on current and projected population and income data. For example, sales will continue to grow fastest in the southern and western regions as well as in states, such as Florida, Texas, Arizona and Nevada, because of current and projected employment and income trends in these states. A few words of caution are needed regarding all forecasts and when using these eating place sales figures.

- Adjustments were made to the calculated sales total to arrive at a predetermined U.S. total.
- Sales projections for 1982 are based on the best data available in early October 1981. If the outlook for general economic conditions or the food situation changes significantly in the coming year, our projections will require adjustment.
- Sales figures for each state are subject to greater error than our national sales projections.
- The actual sales figures are a better indication of the size of the restaurant industry in respective states because they represent an overall allocation of total sales in the U.S. Percent changes are subject to more variation, but have been shown here as a convenience to our readers.
- The sales information shown here for states and regions include only operations with payroll and include contract feeding. They represent the census definition of eating places (SIC 5812) and will not equal the total for eating places shown in the table on page 14.
- Regional projections were not done separately, and as a result, regional totals are sums of the state information.

Outlook for the New England region

Eating place sales...

Eating place sales in New England are forecast to equal $4.6 billion in 1982, an increase of 8.0 percent from 1981. Massachusetts and Connecticut dominate the New England economy — accounting for over 75 percent of the region's eating place sales. Sales in Connecticut are expected to rise slightly faster than the average for the whole region in 1982 — 8.2 percent compared with 8.0 percent. This will reflect an improvement in the state's economy.

Massachusetts will experience growth slightly below the regional average, however, due partly to the passage of Proposition 2½, which limits property taxes and has resulted in a reduction in the number of state and local government employees and service workers.

The largest gain in eating place sales in this region is expected to be in New Hampshire where 1982 sales will total $356 million — an increase of 9.1 percent over 1981. On the other hand, Rhode Island is forecast to have the slowest rise in restaurant sales next year — up only 6.1 percent.

New England region

State	Eating place sales (000) 1981	1982*	percent change
Connecticut	$ 995,018	$1,076,410	8.2%
Maine	329,995	357,714	8.4
Massachusetts	2,159,188	2,330,196	7.9
New Hampshire	325,856	355,607	9.1
Rhode Island	257,326	272,971	6.1
Vermont	145,755	158,246	8.6
Total region	$4,213,138	$4,551,144	8.0%

*projections

The economy...

The New England region fared better than the Middle Atlantic and East North Central regions in the 1980 recession primarily because of its lack of dependence on durable goods manufacturing and the housing and auto industries. Manufacturing in this region is concentrated in high-technology industries, such as computers and office equipment, that were less affected by the recession than other types of manufacturing. As a result, the area experienced only a slight decline in manufacturing employment this year of 0.1 percent, compared to a 0.2 percent increase nationwide. In 1982, the region is expected to experience growth in manufacturing employment equal to the rate for the total U.S. at 2.4 percent.

An improvement in economic conditions is also forecast next year as the industrial mix continues its change from durable goods manufacturing to high technology and defense-related industries. Because the region produces a disproportionate share of the nation's capital goods, economic performance is closely tied to improvement in the national economy.

The New England Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Connecticut	-0.5%	2.2%	1.7%	1.0%	9.8%	9.8%
Maine	0.3	2.4	0.4	0.8	10.8	10.5
Massachusetts	nc	2.2	1.7	0.9	9.9	9.9
New Hampshire	1.8	4.3	3.0	2.5	11.3	12.2
Rhode Island	-0.3	2.0	0.8	0.1	10.8	9.4
Vermont	0.6	2.4	4.2	1.8	11.8	12.6
Total region	-0.1	2.4	1.7	1.0	9.9	10.2
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Growth in disposable personal income in the New England region will be below the national average in 1981 and 1982 due to slow population growth. Disposable personal income is projected to increase 9.9 percent in 1981 and 10.2 percent in 1982, compared with 10.8 percent and 11.2 percent in 1981 and 1982 respectively for the total U.S.

The region continues to rely on oil as its primary source of energy. Rapid price increases for this fuel in recent years have had a negative effect on consumer spending for other goods and services as New Englanders have been forced to spend a disproportionate share of their income on energy. If oil price increases moderate in 1982 as projected, the pinch on consumer spending for other goods and services will become less severe. As a result, New England's recovery from the recession should pick up steam.

Outlook for the Middle Atlantic region

Eating place sales...

Sales for eating places in the Middle Atlantic region are forecast to equal $12.8 billion in 1982 — an increase of 8.4 percent from the previous year. Sales in this area will rise less rapidly than for the nation as a whole as a result of a 1981 decline in manufacturing employment and regional population as well as below-average gains in disposable personal income.

Middle Atlantic region

State	Eating place sales (000) 1981	1982*	percent change
New Jersey	$ 2,537,038	$ 2,774,505	9.4%
New York	5,918,443	6,383,041	7.8
Pennsylvania	3,387,949	3,678,635	8.6
Total region	$11,843,430	$12,836,181	8.4%

*projections

Eating place sales in New York, which account for half of the region's total, are forecast to equal $6.4 billion in 1982 — an increase of only 7.8 percent from the prior year. This is considerably below the gains of 8.4 percent and 10.4 percent projected for the region and total U.S. respectively. A decline in manufacturing employment and non-manufacturing employment will contribute to the slower rise in restaurant sales in New York. Eating place sales in New Jersey, however, are expected to advance more rapidly than the regional average because of strong gains in non-manufacturing employment and disposable personal income.

Restaurant sales in Pennsylvania will advance at a slightly faster rate than the regional average in 1982 — 8.6 percent, for a total of $3.7 billion.

The economy...

The Middle Atlantic region, which is part of the nation's oldest industrial center, is forecast to have the slowest economic growth in the U.S. in 1982. Outdated industrial plants and equipment, along with high energy costs and the above-average wage and tax rates inherent in the area, are forcing industries out of the region and into the sunbelt states where energy and labor costs are cheaper.

Also contributing to the region's poor economic performance is its dependence on the manufacturing of cyclically sensitive durable goods, such as steel, as a major source of employment and income. Because of this dependence, the region entered the 1980 recession still weakened from the previous one in 1974–75.

The migration of industries from the Middle Atlantic region to the sunbelt is evident in the area's declining share of total U.S. manufacturing employment, which fell from 24.6 percent in 1960 to 17.9 percent in 1979. It is expected to decline even further over the next several years. Consequently, manufacturing employment in the area will fall 1.1 percent this year, compared to a 0.2 percent increase nationwide. In addition, employment is projected to increase only slightly in 1982 to 0.1 percent — considerably below the 2.4 percent advance projected for the total U.S. The region's growth in non-manufacturing employment will also be among the smallest in the nation as the demand for services falls due to the decreasing population.

Gains in disposable personal income in the Middle Atlantic region will lag behind the national average in 1981 and 1982. The increase will be 9.6 percent in 1981 and 8.9 percent in 1982, compared with gains of 10.8 percent and 11.2 percent in 1981 and 1982 respectively for the total U.S. This slower growth can be attributed to the poor employment performance projected for the area as well as the decline in the region's population. As a result, lower spending for goods and services is predicted and because of this, the region's economic performance will continue to lag behind the nation's.

The Middle Atlantic Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
New Jersey	-0.6%	0.2%	1.9%	1.1%	9.9%	9.3%
New York	-0.7	-0.2	0.7	-0.4	9.7	8.2
Pennsylvania	-1.8	0.4	0.3	0.2	9.3	9.6
Total region	-1.1	0.1	0.8	0.1	9.6	8.9
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Outlook for the East North Central region

Eating place sales...

Eating place sales for the five states that comprise the East North Central region are estimated to reach $17.5 billion in 1982 — an increase of 8.6 percent from 1981, which is considerably lower than the 10.4 percent advance projected for the nation. This region depends heavily on durable goods manufacturing, such as autos and steel, which have experienced a slowdown for three consecutive years.

As a result, unemployment is high, particularly in Michigan, and gains in disposable income have been below average. These factors account for the slower growth in eating place sales forecast for 1982.

Three states in this area, Illinois, Michigan and Ohio, rank among the top 10 states in total eating place sales. (See map.) They are not, however, among the top 10 in terms of projected sales growth. Restaurant sales in Illinois will total $5.2 billion in 1982, an increase of 9.6 percent from 1981, and sales in Michigan will increase only 6.5 percent in 1982, reaching $4.0 billion. As mentioned earlier, unemployment in Michigan is above the national average because of the layoff of many auto workers. This has weakened the economy considerably. Eating place sales in Ohio are expected to total $4.3 billion in 1982, an increase of 8.5 percent from the year earlier.

East North Central region

State	Eating place sales (000) 1981	1982*	percent change
Illinois	$ 4,707,451	$ 5,157,954	9.6%
Indiana	1,886,076	2,054,691	8.9
Michigan	3,782,500	4,028,362	6.5
Ohio	3,963,379	4,300,286	8.5
Wisconsin	1,771,363	1,964,442	10.9
Total region	$16,110,769	$17,505,715	8.6%

*projections

The economy...

The East North Central region was affected more severely by the 1980 recession than any other area in the U.S. because manufacturing is concentrated in durable goods, such as autos and steel, which bore the brunt of the recession. The auto industry, a major employer in the area, has experienced three years of depressed sales. Lower production of cars and trucks meant temporary and permanent shutdowns of many auto plants. These shutdowns affected supplier industries, such as rubber and steel, as well. Because the region relies so heavily on these industries as a source of employment and income, it will experience below-average economic performance this year, but is expected to improve somewhat in 1982.

Industries are moving away from this region and into the sunbelt states and the region is also losing young workers who leave when plants close in industries, such as auto and steel. Consequently, jobs in the non-manufacturing sector are lost as well since people have less discretionary income to spend on goods and services.

The East North Central Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Illinois	-1.9%	1.5%	0.4%	0.9%	10.2%	10.6%
Indiana	1.7	2.1	-0.4	0.7	10.9	10.4
Michigan	1.7	3.0	0.5	0.8	10.2	10.2
Ohio	-0.3	2.1	0.4	0.8	10.6	10.7
Wisconsin	-1.2	2.9	2.3	1.6	10.4	10.6
Total region	-0.1	2.3	0.4	0.9	10.4	10.5
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Manufacturing employment in the East North Central region will decrease slightly — 0.1 percent in 1981, which is a considerable improvement over the 8.2 percent decline experienced in 1980. The region is expected to experience some improvement in economic conditions in 1982. Manufacturing employment is projected to rise 2.3 percent in 1982, approximating the 2.4 percent advance forecast for the total U.S.

Despite the 1982 improvement in manufacturing employment in the East North Central region, growth in disposable personal income will lag behind the national average. After increasing 10.4 percent this year, it is projected to rise 10.5 percent in 1982, compared with 10.8 percent and 11.2 percent respectively for the U.S. Slower regional growth can be attributed to moderate advances in the population as well as below-average gains in employment.

Because of the region's dependence on these volatile industries, it will remain vulnerable to economic recessions and periods of prolonged high interest rates, and its performance may continue to lag behind the nation's.

Outlook for the West North Central region

Eating place sales...

Eating place sales in the West North Central region are expected to reach $7.2 billion in 1982, up 11.2 percent from 1981 sales of $6.4 billion. This region will outperform the nation because of the strong gains expected in manufacturing employment and disposable personal income next year.

Minnesota and Missouri account for over half — 54 percent — of total eating place sales in the region. Sales in Missouri are expected to total $2.1 billion in 1982 — an 11.0 percent gain over 1981. Restaurant sales in Minnesota are forecast to increase 11.4 percent in 1982 for a $1.7 billion total. Kansas and South Dakota will experience the most rapid sales growth in the region of 12.2 percent and 12.1 percent respectively. These states are expected to have above-average gains in manufacturing employment which will contribute to the above-average performance in eating place sales. On the other hand, sales growth in Nebraska will be the slowest among the seven states in the West North Central region. Restaurant sales are expected to total $614 million in 1982 — a 10.5 percent advance over 1981.

West North Central region

State	Eating place sales (000) 1981	1982*	percent change
Iowa	$ 988,607	$1,094,684	10.7%
Kansas	944,885	1,059,972	12.2
Minnesota	1,545,298	1,721,926	11.4
Missouri	1,931,791	2,144,095	11.0
Nebraska	555,116	613,625	10.5
North Dakota	224,284	248,372	10.7
South Dakota	255,481	286,343	12.1
Total region	$6,445,462	$7,169,017	11.2%

*projections

Slow population gains and below-average growth in non-manufacturing employment will adversely affect restaurant sales in this state in 1982.

The economy...

Agriculture is the dominant industry in the West North Central region, however, much of the growth projected for this area in 1982 will not be derived from this sector. Mining, defense and services are expected to contribute much to the gains in employment and income forecast for this area.

Industry throughout the region is diversified with mining becoming increasingly important to North and South Dakota while manufacturing and food processing are the major industries in Missouri and Minnesota. Because of this diversification, the region was little affected by the 1980 recession, contributing to the above-average performance forecast in 1982.

The West North Central Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Iowa	-2.3%	2.1%	nc	1.1%	9.5%	11.2%
Kansas	-1.3	4.7	1.7	1.9	10.4	11.3
Minnesota	-1.2	2.6	0.1	2.1	9.2	11.7
Missouri	-1.2	1.8	0.3	0.9	9.3	10.5
Nebraska	0.4	2.9	0.6	1.1	10.1	11.7
North Dakota	-2.6	5.3	2.1	2.4	10.1	11.0
South Dakota	-1.5	5.4	0.6	0.9	12.9	9.8
Total region	-1.3	2.6	0.5	1.4	9.7	11.1
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Manufacturing employment will decline 1.3 percent in the West North Central region in 1981 compared with a 0.2 percent increase nationwide. However, employment growth should outpace the gain for the total U.S. in 1982, rising 2.6 percent. South Dakota will experience the largest gain in manufacturing employment in 1982 at 5.4 percent. Mining and mining exploration are on the rise, accounting for much of the employment growth.

Due to the small advance in farm income expected for this year, the region will experience a slower gain in disposable personal income than the national average in 1981 — 9.7 percent compared with 10.8 percent. The West North Central region derives a larger portion of its income from the farm sector than any other area in the U.S., and the record grain harvest this year will keep commodity prices lower. As a result, farm income is not expected to be much above the 1980 level. In 1982, however, the region is projected to experience an 11.1 percent advance in disposable personal income, approximating the 11.2 percent increase forecast for the nation.

Outlook for the South Atlantic region

Eating place sales...

The South Atlantic region will experience an 11.2 percent increase in eating place sales in 1982 for a total of $15.1 billion. This above-average performance is the result of the strong gains in restaurant sales expected in Florida and South Carolina.

Florida, which accounts for 35 percent of total eating place sales in the region, should have the most rapid growth among the nine states that comprise the area. Sales are expected to total $5.4 billion in 1982 — up 13.5 percent from the year earlier. Above-average gains in manufacturing and non-manufacturing employment, as well as disposable personal income, will be beneficial to the increase of eating place sales in Florida.

South Carolina will also have a strong rise in eating place sales in 1982 — 11.4 percent. Gains in both manufacturing and non-manufacturing employment and disposable personal income will be above the national average in 1982 and will contribute significantly to the rapid growth in eating place sales projected for this state. The District of Columbia will experience the slowest rise in restaurant sales in the region. Declines are expected in both manufacturing and non-manufacturing employment, which will contribute to the modest 5.8 percent advance forecast for eating place sales in 1982.

South Atlantic region

State	Eating place sales (000) 1981	1982*	percent change
Delaware	$ 188,730	$ 204,489	8.4%
District of Columbia	428,100	452,758	5.8
Florida	4,730,061	5,367,273	13.5
Georgia	1,843,375	2,045,224	11.0
Maryland	1,570,358	1,705,409	8.6
North Carolina	1,674,802	1,849,316	10.4
South Carolina	899,083	1,001,758	11.4
Virginia	1,864,887	2,059,395	10.4
West Virginia	424,749	460,853	8.5
Total region	$13,624,145	$15,146,475	11.2%

*projections

The economy...

The South Atlantic Region emerged from the 1980 recession virtually unscathed. One factor that helps to account for the above-average economic performance is the ability to attract new business. The region's lower wage rates and energy costs, improved access to shipping ports and transportation facilities, an advantageous tax structure and a growing population have resulted in the migration of business from the northeast to these sunbelt states.

The region will continue to grow faster than the nation in 1982. Manufacturing employment will increase 0.6 percent in 1981, compared with a 0.2 percent advance nationwide. It is projected to rise 2.6 percent in 1982 while the total U.S. is expected to experience a slightly smaller 2.4 percent gain.

The South Atlantic Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Delaware	3.4%	1.4%	-0.8%	0.4%	10.8%	10.0%
District of Columbia	-0.6	-2.0	-0.1	-0.7	8.7	6.8
Florida	3.1	3.9	4.2	2.9	14.0	13.4
Georgia	1.0	3.0	1.5	1.5	11.3	11.2
Maryland	-0.4	0.4	0.8	0.9	10.4	9.2
North Carolina	0.4	2.8	1.4	2.2	10.9	12.0
South Carolina	-1.5	3.0	1.2	2.3	10.6	11.5
Virginia	0.7	2.4	1.6	2.1	11.6	10.8
West Virginia	-1.4	0.3	-0.5	2.6	9.3	10.9
Total region	0.6	2.6	1.9	2.0	11.6	11.5
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Gains in disposable personal income in the South Atlantic region will exceed the national average this year and in 1982. Income will advance 11.6 percent in 1981 compared with a 10.8 percent gain for the entire U.S. In 1982, income is projected to increase 11.5 percent while the nation will experience a slightly smaller 11.2 percent gain. Florida will boast the largest increase in disposable personal income this year and next — at 14.0 percent and 13.4 percent respectively. A large proportion of this state's residents is older, retired people, and much of the state's income growth is the result of cost-of-living increases in Social Security payments. The region's strong growth in disposable personal income is a significant factor contributing to the good economic health of this area this year and its continued improvement in 1982.

Outlook for the East South Central region

Eating place sales...

Eating place sales in the East South Central region are expected to equal $4.5 billion in 1982 — up 10.7 percent from the year earlier, somewhat faster than the 10.4 percent advance forecast for the U.S. The region is expected to experience above-average gains in non-manufacturing employment and disposable personal income in 1982, which will contribute to the strong advance projected for eating place sales.

Mississippi, the only state in this region with eating place sales below $1 billion, will enjoy the largest increase in restaurant sales next year. Sales will total $688 million in 1982 — up 12.6 percent from 1981. Strong gains in both manufacturing and non-manufacturing employment and disposable personal income will help boost eating place sales in the state. Alabama will also outperform the region in restaurant sales growth in 1982 with a projected increase of 11.0 percent, again based on growth in manufacturing and non-manufacturing employment. Eating place sales in Tennessee are projected to experience the slowest gain in the region, up 9.9 percent from 1981.

East South Central region

State	Eating place sales (000) 1981	1982*	percent change
Alabama	$1,045,513	$1,160,415	11.0%
Kentucky	1,073,903	1,185,267	10.4
Mississippi	611,168	688,420	12.6
Tennessee	1,352,469	1,486,769	9.9
Total region	$4,083,053	$4,520,871	10.7%

*projections

The economy...

The four East South Central states posted the slowest growth of the sunbelt states during the 1980 recession. Manufacturing is concentrated in industries, such as building materials, household appliances, textiles and apparel, which were adversely affected by the downturn. The region's economic condition improved during 1981 and that will carry over into 1982.

High interest rates dampened the recovery expected for the housing industry this year. Because much of the manufacturing in this region relies on the housing sector, manufacturing employment will decline 0.3 percent. Improvement in the housing industry is projected for 1982 because interest rates are expected to fall below their current high levels. Thus, manufacturing employment should advance 2.2 percent — approximating the 2.4 percent increase projected for the U.S.

The region's growth in disposable personal income will mirror that for the nation this year at 10.8 percent. It is expected to increase at a slightly faster rate of 11.5 percent in 1982 compared with 11.2 percent nationwide.

Because the region is dependent on cyclically sensitive industries, such as housing, textiles and apparel, it will be more vulnerable to business downturns than the others in the sunbelt.

The East South Central Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Alabama	-1.5%	3.7%	1.5%	2.7%	10.4%	10.9%
Kentucky	-1.1	1.1	1.9	2.3	11.0	11.6
Mississippi	-0.5	2.7	1.9	2.2	11.5	11.2
Tennessee	0.9	3.3	0.3	2.1	10.6	12.4
Total region	-0.3	2.2	1.4	2.2	10.8	11.5
Total U.S.	0.2%	2.4%	.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Outlook for the West South Central region

Eating place sales. . .

Eating place sales will rise almost $1.2 billion to $10 billion between 1981 and 1982 in the West South Central region — up 13.3 percent from the previous year. The strong economy in this area, particularly in Texas, will result in considerably faster regional sales growth than that for the nation as a whole.

Texas, which accounts for a 70 percent share of the region's total eating place sales, will post a 14.1 percent gain in 1982. Texas continues to experience large gains in population and income which, of course, have a positive effect on restaurant sales.

Above-average gains in both manufacturing and non-manufacturing employment and disposable personal income will contribute to the rapid growth in eating place sales for Louisiana, Arkansas and Oklahoma. Sales in Louisiana are expected to equal $1.3 billion in 1982 — up 11.9 percent from $1.2 billion in 1981. Arkansas is expected to experience a 10.7 percent advance in sales — reaching a $621 million total in 1982. Restaurant sales in Oklahoma are projected to surpass the $1 billion level in 1982 with a total of $1.1 billion.

West South Central region

State	Eating place sales ($000) 1981	1982*	percent change
Arkansas	$ 560,592	$ 621,000	10.7%
Louisiana	1,188,896	1,330,375	11.9
Oklahoma	959,791	1,067,288	11.2
Texas	6,134,911	7,002,177	14.1
Total region	$8,844,561	$10,020,868	13.3%

*projections

The economy. . .

The West South Central region experienced the strongest economic growth of any region in the U.S. during the 1980 recession. Industry in this area is energy-related, and the decontrol of oil prices has increased employment opportunities and income levels. Also contributing to the region's stellar economic performance is the rapid population growth experienced in the 70s, which will continue in the current decade. Much of this increase is the result of young workers migrating from the northeast where employment opportunities are less plentiful.

Manufacturing employment will increase 2.9 percent this year, considerably faster than the 0.2 percent advance nationwide. Drilling of new oil and gas wells accounts for much of the increase — especially the above-average gains of 3.2 percent and 3.4 percent in Louisiana and Texas. Manufacturing employment is projected to experience above-average growth in 1982 as well — rising 3.3 percent versus the 2.4 percent gain forecast for the U.S.

The large number of people moving to the West South Central region has created a strong demand for services. As a result, employment gains in the non-manufacturing sector will also be above the national average — rising 4.0 percent this year, more than twice the 1.5 percent rate for the U.S. Employment is expected to experience better-than-average performance in 1982 with a projected increase of 2.9 percent compared with the 1.6 percent advance nationwide.

Given projected economic conditions, it is not surprising that the rise in disposable personal income will outpace performance nationally with a growth of 12.9 percent this year. This trend is expected to continue in 1982 with an increase of 13.5 percent compared with 11.2 percent for the U.S.

The West South Central Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Arkansas	1.1%	2.7%	3.0%	3.3%	10.5%	11.2%
Louisiana	3.2	3.2	4.0	3.4	13.2	13.1
Oklahoma	1.4	1.9	3.8	3.5	12.7	12.8
Texas	3.4	3.5	4.5	3.5	13.1	14.0
Total region	2.9	3.3	4.0	2.9	12.9	13.5
Total U.S.	0.2%	2.4%	1.5%	1.4%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Outlook for the Mountain region

Eating place sales...

Eating place sales in the Mountain region will total almost $5 billion in 1982, up an above-average 12.4 percent from the previous year. This region is one of the fastest growing in the nation and one of the healthiest economically. Most states in this area are expected to have above-average employment gains in 1981 and 1982, providing a beneficial operating environment for restaurants.

Colorado and Arizona account for over half — 55 percent — of total eating place sales in this region. Restaurant sales in Colorado should total $1.5 billion in 1982 while in Arizona they are projected to equal $1.3 billion. Wyoming is expected to post the most rapid increase — 14.1 percent in eating place sales next year. Utah, however, will experience a considerably slower increase of only 9.7 percent.

Mountain region

State	Eating place sales (000) 1981	1982*	percent change
Arizona	$1,108,859	$1,258,535	13.5%
Colorado	1,329,775	1,495,997	12.5
Idaho	325,037	363,391	11.8
Montana	283,018	314,255	11.0
Nevada	373,077	421,055	12.9
New Mexico	456,903	512,371	12.1
Utah	372,169	408,195	9.7
Wyoming	179,010	204,268	14.1
Total region	$4,427,848	$4,978,067	12.4%

*projections

The economy...

The Mountain region experienced only a moderate slowdown in production and income as a result of the 1980 recession. This area is one of the fastest growing in the U.S., and a disproportionate share of industry is concentrated in construction, which was adversely affected by the downturn. However, the region's economy is expected to resume its rapid growth rate this year and in 1982. The development of energy and non-energy minerals and defense-related industries will contribute to much of the gains in the Mountain region.

Manufacturing employment will increase 3.3 percent this year, substantially higher than the 0.2 percent advance nationwide. Employment gains are expected to continue to outpace growth for the total U.S. in 1982, rising 5.4 percent. As mentioned earlier, the development of energy and non-energy minerals and defense-related industries will account for much of the employment growth.

Above average gains in non-manufacturing employment are also expected in the Mountain region. Employment will increase 2.8 percent this year while the nation will experience a more moderate advance of 1.5 percent. Employment in this sector is forecast to increase 4.1 percent in 1982, two and a half times the 1.6 percent rise projected for the total U.S. Rapid population growth in the area has created a strong demand for construction, services and trade and is a significant factor contributing to the rapid growth in non-manufacturing employment.

The Mountain Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Arizona	4.2%	5.3%	2.3%	3.0%	12.0%	13.3%
Colorado	3.6	6.0	2.6	3.5	12.5	13.2
Idaho	0.7	3.6	2.2	3.3	12.2	13.0
Montana	1.7	4.6	1.6	2.3	12.8	10.6
Nevada	4.6	5.4	4.6	5.2	12.3	14.3
New Mexico	nc	5.0	2.4	4.4	11.0	11.8
Utah	3.8	5.6	2.5	3.8	12.1	12.9
Wyoming	8.6	4.4	5.0	8.6	15.1	15.6
Total region	3.3	5.4	2.8	4.1	12.2	13.2
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Given the above-average gains in both manufacturing and non-manufacturing employment, it is not surprising that growth in disposable personal income will outpace that for the total U.S. Income will increase 12.2 percent this year compared with a 10.8 percent advance nationwide. Disposable personal income is forecast to rise 13.2 percent in the region in 1982, considerably faster than the 11.2 percent increase projected for the total U.S. The above-average income gains should keep consumer spending strong in the Mountain region in 1982, and economic growth will continue to be the most rapid in the U.S.

Outlook for the Pacific region

Eating place sales...

The Pacific region will experience an 11.1 percent increase in eating place sales in 1982 for a total of $16.5 billion. The above-average gains in employment and income in 1981 and 1982 provide a healthy economic environment for the restaurant industry.

California dominates eating place sales in the Pacific region, accounting for nearly 75 percent of the total. Sales are forecast to equal $12 billion in 1982, an advance of 11.1 percent from the prior year. Alaska leads the region in terms of percentage sales growth in 1982 with a 13.3 percent advance. Manufacturing employment in this state is expected to rise 10.2 percent in 1982, more than four times the 2.4 percent advance projected for the total U.S. This rapid growth is a significant factor contributing to the above-average performance of eating place sales.

Pacific region

State	Eating place sales (000) 1981	1982*	percent change
Alaska	$ 335,096	$ 379,597	13.3%
California	10,845,269	12,049,094	11.1
Hawaii	555,743	593,533	6.8
Oregon	1,257,066	1,406,657	11.9
Washington	1,854,318	2,064,412	11.3
Total region	$14,847,492	$16,493,293	11.1%

*projections

Restaurant sales in Oregon are projected to total $1.4 billion in 1982 — up 11.9 percent from the prior year. Eating place sales in Washington are expected to increase 11.3 percent in 1982 and will equal $2.1 billion. Both of these states will experience above-average growth in employment and income levels in 1982, and these gains will have a positive effect on eating place sales. Hawaii, however, is forecast to have the slowest rise in eating place sales in this region. Sales are estimated to total $594 million in 1982 — an advance of only 6.8 percent from 1981. Hawaii's economy relies heavily on the tourist industry, and travel to this state has been depressed for the past few years. A decline in the number of tourists and relatively slow growth in manufacturing and non-manufacturing employment projected for the state in 1982 will account for the modest gain in restaurant sales.

The economy...

The Pacific region experienced slower growth as a result of the 1980 recession as the depressed housing market caused a slowdown in the lumber industry in northern California, Oregon and Washington. Building was slow as high mortgage rates dampened growth in both residential and non-residential construction.

The Pacific Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Alaska	-5.2%	10.2%	4.9 %	4.1%	15.1%	13.7%
California	1.2	4.3	1.7	1.9	10.9	12.1
Hawaii	-0.9	2.1	0.9	1.7	11.0	10.8
Oregon	-2.1	4.5	-1.1	1.9	9.9	12.9
Washington	0.7	5.5	1.5	2.9	11.7	13.2
Total region	0.8	4.4	1.3	2.0	11.0	12.3
Total U.S.	0.2 %	2.4%	1.3 %	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

The economic condition of the Pacific region improved in 1981 and should perform better than the nation as a whole in 1982. Manufacturing employment this year will increase 0.8 percent. Employment is projected to rise at a faster 4.4 percent rate in 1982 compared with the national estimated growth of 2.4 percent. New orders for capital goods are expected to increase in 1982, benefiting the high technology computer and electronic component industries. Defense-related and commercial aircraft industries will also contribute significantly to the region's improved employment growth in 1982.

Non-manufacturing employment in the Pacific region will increase at the same rate as the nation this year at 1.5 percent. It is projected to outpace growth for the total U.S. in 1982, 2.0 percent compared with 1.6 percent respectively. Tourism, which has been depressed for the past few years, is expected to improve moderately in 1982, accounting for much of the employment growth.

Income will rise 11 percent this year, slightly faster than the 10.8 percent increase for the total U.S. The region is expected to experience a 12.3 percent advance in disposable personal income in 1982. The area's above-average income gains will result in stronger consumer spending, a significant factor contributing to the improved economic conditions and the above-average performance in eating place sales projected for 1982.

Industry sales reach $124.7 billion in 1981

Total foodservice industry sales will reach $124.7 billion this year — up 9.3 percent from 1980's $114.0 billion. Sales for the Commercial Group will equal $105.6 billion — an increase of 9.8 percent. Institutional Group sales are expected to total $18.4 billion — rising at a slower 7.0 percent pace from a year ago. The Military Group will have sales of nearly $629 million — up 7.4 percent.

Eating place sales will equal $74.7 billion...

Eating places, which account for about 60 percent of total foodservice sales, will record sales of $74.7 billion this year, posting an advance of 10.3 percent over 1980. This increase outpaces the 8.6 percent advance last year but is below the average annual gain of 12.5 percent registered during the 70s.

NRA's original 1981 forecast, made in November 1980, predicted eating places would post a sales gain of 10.6 percent. Our forecast correctly predicted that the gap between growth in income and eating place sales would narrow in 1981.

Menu prices for 1981 to rise 9.3 percent...

Menu prices, as measured by the Bureau of Labor Statistics' Consumer Price Index (CPI), for food away from home will increase about 9.3 percent above 1980's level — somewhat below NRA's original forecast of 10 percent. This rise lagged behind predictions because wholesale food prices rose at a much more modest pace than USDA predicted.

Menu price increases have moderated substantially from the 11.2 percent increase in 1979. During the 70s, menu prices rose at an average annual rate of 8.3 percent.

Real eating place sales rise by one percent...

Based on a 10.3 percent gain in eating place sales and a 9.3 percent rise in menu prices, real sales should post a gain of 1.0 percent this year. Thus, real sales will register a dramatic improvement over the two previous years, when real sales adjusted for inflation declined.

NRA's original forecast was for real eating place sales to rise 0.6 percent. Our 1981 forecast noted that if inflation moderated more than expected, real growth would increase. This is exactly what happened in 1981.

Readers are reminded that changes in real sales for eating places represent an industry average for full-service restaurants, fast food restaurants and cafeterias, among others. Many operators throughout the country will fare much better in 1981 than these industry-wide figures indicate.

Foodservice industry sales 1980–1981

	Food and drink sales (000)		Percent change between 1980-81	
	1980	1981	Current dollars	Constant dollars*
Commercial feeding	$ 96,209,130	$105,602,923	9.8%	0.5%
Eating places	67,701,828	74,675,114	10.3	1.0
Restaurants and lunchrooms	36,037,601	39,324,429	9.1	-0.2
Commercial cafeterias	2,163,965	2,315,442	7.0	-2.3
Limited menu restaurants	27,434,837	30,809,321	12.3	3.0
Social caterers	775,944	806,206	3.9	-5.4
Ice cream, frozen custard stands	1,289,479	1,419,716	10.1	0.8
Bars and taverns	7,722,144	8,321,422	7.8	-1.5
Eating and drinking places	75,423,970	82,996,536	10.0	0.7
Institutional	17,216,690	18,425,663	7.0	-0.2
Military	585,323	628,748	7.4	-1.9
Total foodservice industry sales	**$114,011,143**	**$124,657,370**	**9.3%**	**0.4%**

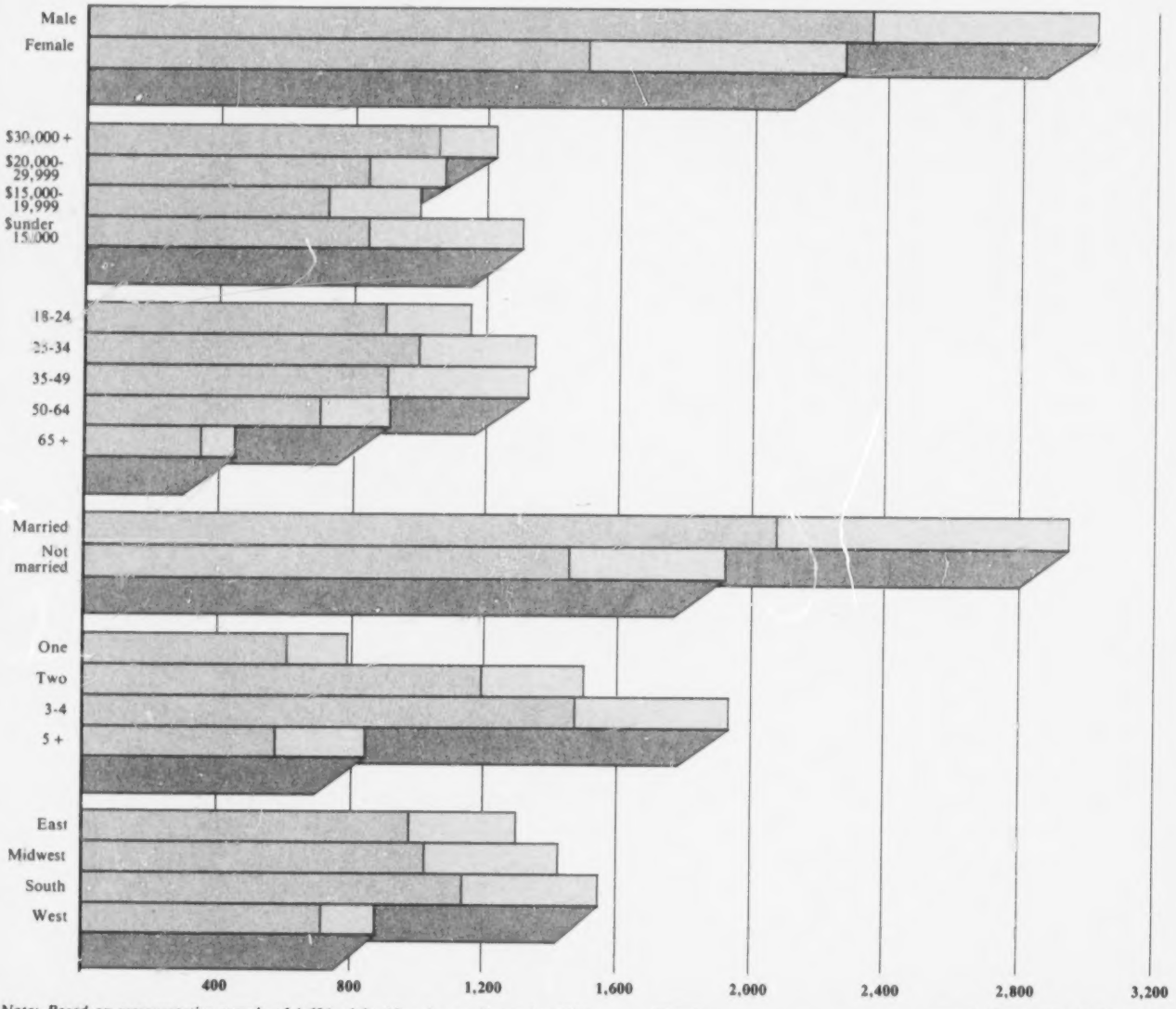
*adjusted for inflation

Consumers' appetite for restaurant meals far from satisfied

A Gallup consumer poll sponsored by NRA reveals that the market for meals away from home is far from satisfied. If adult consumers were able to eat in restaurants as frequently as they would like to, customer traffic would jump by more than one-third.

While many consumers would like to eat out more frequently, they are unable to do so because of economic conditions. Since 1979, demand for restaurant meals has

Customer traffic increase if consumers could eat out as often as they want



Note: Based on representative sample of 1,694 adults 18 and over, September 1981
Source: NRA, Gallup, Eating Out Monitor

been constricted by spiraling fixed charges against income for housing, energy and transportation. Many consumers would like to eat out more often, but their pocketbooks do not allow these discretionary expenditures.

When consumers who say they are eating out less frequently are asked why, the majority of responses relate to their economic situation. In responding to a Nielson survey earlier this year, over half of those who say they are eating out less pointed to the high cost of meals away from home. Thirteen percent said they have less money now, and an additional 11 percent mentioned inflation.

Consumer sentiment, as measured by the Conference Board, has improved this year, however, consumers are still concerned about their economic situation. While many would like to eat out more often, NRA's 1982 forecast is based on a realistic projection of their ability to do so.

The following survey results indicate that the consumer's appetite for meals away from home is far from satisfied, which puts the industry in a strong position to capture a larger share of the consumer's dollar in the future. However, the rate of inflation must slow considerably before economic and psychological pressures ease enough for hard-pressed consumers to feel comfortable with a significant increase in restaurant dining. The following demographic information indicates that those consumers who are most likely to feel financially pinched contribute most to pent-up demand for meals away from home.

Four out of 10 adults would like to eat out more often...

Nearly 40 percent of adults questioned in September 1981 by Gallup's *Eating Out Monitor* said that they were not eating out often enough. Those who were most likely to agree that they are not eating out enough include

- Women — 43%
- All consumers — 25 to 34 years old — 47
  — 35 to 49 years old — 44
- Consumers from larger households of 5 or more members — 54
- Consumers with incomes from — $15,000–$19,999 — 43
  — under $15,000 — 46
- Consumers living in the midwest — 44
- Consumers who eat out less frequently — once a week — 51
  — not at all — 60

More revealing for the restaurateur is what this pent-up desire to eat away from home means in terms of customer traffic. By asking those who said they were not eating out often enough to specify how many more times per week they would like to eat away from home, we are able to gauge how large the market would be if consumers were financially able to eat out as often as they wished.

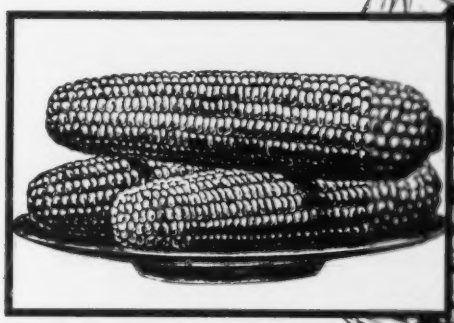
Overall customer traffic would rise by more than one-third if those who wanted to eat out more could do so. However, some demographic groups are less satisfied with their current level of eating out than others. If they could eat out as often as they wanted to, the survey indicates that specific groups of consumers would increase their occasions as follows:

	Percent increase in occasions
All occasions	34%
By sex	
Men	23
Women	51
By income	
$30,000 and over	17
$20,000 to $29,999	29
$15,000 to $19,999	40
under $15,000	56
By age	
18–24 years old	27
25–34	35
35–49	46
50–64	31
65+	25
By marital status	
married	42
not married	31
By household size	
one	30
two	25
three–four	40
five or more	47
By region	
east	31
midwest	38
south	36
west	24

It isn't surprising that those who are likely to be most financially pressured — consumers with lower incomes, married consumers, those from larger households and those 35 to 49 who may be incurring large expenses to educate their children — would raise their current level of restaurant occasions most.

The accompanying chart depicts the current level of eating-out activity and increases that consumers say they would make if they were able to do so. It shows how specific demographic groups contribute to the total number of restaurant visits and how this picture might change if consumers felt less financially strapped.

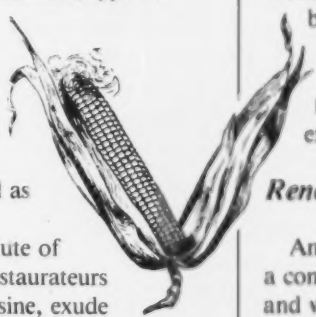
BILL OF FARE



American Regional Cuisine Comes of Age

I want to go home. Who hasn't felt that way at one time or another about his particular region of the country? Home connotes a sense of security and comfort, a sense of being part of something stable and whole. Something which, at its very core, is good. And when you think of home, you think of food. It's almost impossible not to.

The bicentennial celebrations of 1976 sparked a new way of preparing and serving food in restaurants known as American regional cuisine. A simple definition of American regional cuisine is the avoidance of food and drink which did not originate in the United States. A more elaborate definition usually encompasses the method of preparation, style of serving, dress of waiters and waitresses, type of china, silverware and crystal, as well as period furniture and artwork.



American regional cuisine is a new style of cooking. It's as new as Ferdinand Metz's restaurant, American Bounty, that is scheduled to open next summer. On the other hand, it is as old as the original American Indians.

Metz, president of the Culinary Institute of America, Hyde Park, NY, and other restaurateurs who specialize in American regional cuisine, exude enthusiasm. American regional cuisine contains the best of all worlds, and it has been right at our fingertips all the time. It has the tradition, flavor and nostalgia of the past, the fresh, natural innovations of the present and holds a big, viable promise for the future.

Rediscovering true American cuisine...

Metz's 16-year involvement as member, captain and manager of the U.S. Culinary Olympic team affords him a clear, overall view of our nation's culinary history. It has always been hard for the U.S. to prepare a national dish,

[illegible] Metz. "I remember back in 1968 we prepared — [illegible] realistic about it — French food and gave it American [illegible]. It wasn't until 1976 when we really put American cuisine into the competition and consequently won third prize. And then in 1980, two dishes that we prepared won the grand prize of all 26 countries." In 1976, the cost of the American entry was $4.30 per plate. In 1980 — 12 years later when one would expect the price to be at least double — the cost was only $2.30. "The challenge that we imposed on ourselves was not to create the most expensive dish with the most costly ingredients, but to see what we could do with basic, fresh ingredients from our own country. Our attractive, nutritionally balanced, easy to prepare, relatively inexpensive dish of turkey roll, stuffed pear, nest of vegetables with pearl onions and mushrooms won first prize. We have opened up a whole new world of recognition and excitement for the future," Metz reported.

Renovating buildings and menus...

American regional cuisine is more than cooking. It is a composite of America's history from the breadbaskets and water glasses on the table to the entire building structure and atmosphere of the restaurant. Many operators are moving back into the challenging inner city and renovating old buildings.

Michael Grisanti, chairman of NRA's Communication's Committee, operates two Italian restaurants as well as his special project, Sixth Avenue (Louisville, KY), which specializes in American regional cuisine.

Sixth Avenue is in a 100-year-old renovated hotel. Grisanti describes it as a real

preservation project. "The restaurant bar is the original bar from the hotel. The restaurant itself takes the customers back to the turn of the century. It features an arched ceiling of ornate plaster. But for a modern touch, the dining room has a five-story atrium. The structural columns and beams are a Flemish oak, which were installed in the hotel. There are lots of green plants and fresh flowers. The walls, if not exposed brick, have a buff-toned linen fabric."

During the renovation, particular attention was paid to ensure flexibility in the kitchen area. Special thought was given to control labor and utility costs to increase the restaurant's productivity and guarantee quality and consistent foodservice, and a century-old building was altered to meet the needs of tomorrow.

"One of the reasons we created Sixth Avenue was because of the conditions we saw in running two restaurants that were Italian by emphasis. We learned that there were so many products available to us, natural and fresh, that were not a part of Italian cuisine, like acorn squash, wild game, venison, duck and geese. 'Here it is,' we said. 'It's beautiful, it's natural, it's available and nobody's taking advantage of it.' "

The back of Sixth Avenue's menu provides a detailed description of classic American cuisine beginning with the American Indian, through the Civil War, the great immigration of the early 1900s and ending with the westward movement to California. The inside of the menu offers Seafood Brochette, which contains halibut from the pacific northwest, shrimp from the Gulf, sea scallops; and Long Island Blue Point Oysters, as well as Gethsemane Chicken, which is fresh, boneless chicken breast stuffed with Kentucky country ham and Gethsemane cheese — a cheese made in a Kentucky monastery and not produced anywhere else in the world.

Mid-America in New York City...

Andrew and Matthew Silverman operate an American regional cuisine restaurant on Third Avenue in New York City called "Cincinnati." A lot of thought went into naming the restaurant. Cincinnati lays claim to the classification of the all-American city. Ohio is the heartland of the United States. "Pete Rose, apple pie, Cincinnati — get the picture?" Andrew Silverman asked. The total picture of the restaurant is one of simplistic, contemporary American beauty. The Silverman brothers built it themselves. It was put together by the designers of the famed New York disco, Studio 54, and all of their artwork was done by Carl Mann. Much of the furnishings — like banquettes which came from an old church in Greensboro, NC, and an 1,800-pound oak icebox made in Philadelphia but tracked down in Colorado — were picked up in their cross-country search for pieces of authentic Americana.

Trained under Ferdinand Metz at the 1976 Culinary Olympics in Germany, Andrew Silverman predicts that hot and cold salads are going to be very popular in the future. When he talks about Cincinnati's Creole Salad Saute, made with cold greens, hot saute topping, medley of vegetables that includes onions, tomatoes and peppers served with a house dressing of Creole mustard and buttermilk, one suddenly gets very hungry.

Picture postcard menus...

Bill Maxwell, regional manager of Stouffer's One Nation, Columbus, OH, divided this American regional cuisine restaurant into five rooms, each with a unique decor. There is a New Orleans room with a southern atmosphere, a southwestern room with a Mexican influence, the Heartlands room which is midwestern country style, a northeastern room reminiscent of any small town in New England and a bar area that is "Californian" in design.

The menu consists of four postcards with photographs of the specialties from each area of the country.

James Miles, vice president and general manager of the hotel and restaurant division of Colonial Williamsburg, VA, operates three taverns specializing in American regional cuisine.

King's Arms existed in the 18th century as it does today. It has been rebuilt on the original foundation.

Christiana Campbell's was one of George Washington and Thomas Jefferson's favorite eating places when meeting in the House of Burgesses in Virginia.

At Josiah Chowning's, guests can be seen playing colonial games, such as loo and putt, nine men's Morris and backgammon, in the garden when weather permits. This is also the place for balladeers and sing-alongs featuring colonial music.

An important consideration for these taverns is historical authenticity. Miles is not only interested in high-quality American food but also in interpreting and recreating the 18th century for today's America. Everything that is 20th century, including lights and electrical outlets, are hidden to help create the ambiance of 18th-century America.

Irv Chacker and Gerry Poplar co-own a restaurant in Philadelphia, PA, called October. This name was inspired by the bounty of the harvest season.

October offers 14 different entrees that are printed on 5½ by 6½ inch cards and presented to the guests in a leather pouch.

The first card sets the tone of the historic value of American cookery and the philosophy of the restaurant itself — a dining place that will allow you to taste a variety of recipes selected from around the country...all true to our heritage.

Two of October's entrees are described in this way ***Lobster Savannah*** — contrary to its name, this delicacy was invented by coastal New Englanders around 1875. Prepared by removing the lobster from its shell and combining it with mushrooms, green pepper, pimento and cognac. It's topped with cheese and breadcrumbs, broiled to a golden brown and served in its own shell ***Sweetbreads Bellevue*** — this exquisite blend of

sweetbreads in cream, Parmesan cheese and mushrooms originated in 1902 at Philadelphia's Stratford Hotel, later known as the Bellevue-Stratford.

Chacker says that the cards are a great success. "We are constantly changing and adding to our menu, according to the seasons and customer requests. The card method simplifies these changes." Guests like them too. "When people are on their first date, it's a good icebreaker. If there is a group of people, the cards are passed around like flash cards, and it's a fun experience. If anyone asks for the recipe, we give it to them," explained Chacker.

Experts agree on several points...

Research your menu. Chacker and Poplar spent a year and a half researching American food before they opened the doors of October. (NRA's Educational Materials Center has several books available in limited quantities to help you with your research.)

Use domestic wines. Andrew Silverman of Cincinnati summed it up by saying, "I bought my last bottle of European wine." Silverman explained that 85 percent of his wines come from California. The rest are varieties from New York, Washington state and Oregon.

Meet the contemporary trends of the people. Use fresh and natural ingredients. This may be one of your biggest challenges but our country supplies us the means to do that. The rewards of the result make it all worthwhile.

Consider the presentation of food. Bring a covered plate to the table, lift the lid and let the aroma take effect. The smell of food is too valuable a commodity to waste. The American population spent over $2.8 billion on fragrances last year for good reason.

Be innovative. According to Sixth Avenue's Michael Grisanti, "American regional cuisine is a newborn — an infant. It's really exciting for us to be a part of its future. Right now, Chinese, Italian and French are the three classic cuisines. We think that in the next decade or two, if properly focused on and developed, American cuisine will also become a classic." American people are innovative by heritage. Our heritage can almost guarantee the success of the enterprise if we remember the basics of good cuisine.

Authenticity is really the name of the game. Keep it as genuinely American as possible. American regional cuisine should never be considered a fad. This is our heritage and it should be presented and displayed with pride. Don't let a bottle of popular French sparkling water spoil your credibility when California waters are readily available.

According to Ferdinand Metz, "The biggest downfall of the concept would come about if restaurateurs were to falsify — take a regular beef stew and call it Plymouth Rock stew, for example." Metz explains that we in the United States are fortunate enough to be able to draw on any ethnic cuisine in the whole world. "America is still the melting pot," proclaimed Metz. "For example, we can use the stir-frying techniques of Oriental cuisine. A large portion of the American population is Oriental. It doesn't mean that we will prepare Oriental food necessarily, but we may well serve a stir-fried vegetable with Long Island duck. Regional cuisine of America has always been there, but it has not been developed. We have been enamoured by French and classical cuisine for too long. Directing our attention to these dishes opens up a whole new world of recognition and excitement."

Restaurateurs wishing to know more about innovations in American regional cuisine can attend a fund-raising symposium Mar. 7-9, 1982, at Michael Grisanti's Sixth Avenue in Louisville, KY. Ferdinand Metz will be on hand along with some innovative American cuisine chefs to create dishes and conduct seminars. The purpose of this fund-raiser is to identify what American regional cuisine is for the food editor and food critic. Benefits will go to the Culinary Institute of America.

Bibliography of American regional cuisine

The American Regional Cuisine (Nancy and Arthur Hawkins) is a nostalgic, culinary travelog to American cookery. A basic and substantial treasury of over 800 recipes of soups, salads, desserts, beverages, breads, meats, fish, vegetables and pasta dishes, representing each region of the U.S., with a history lesson included with each recipe. $10.95

American Gastronomy: An Illustrated Portfolio of Recipes and Culinary History (Louis Szathmary) The author has researched American foods, methods, eating habits, famous chefs, cooks, restaurants and dishes to create a book that defines and explains American cookery. Its illustrations of over 90 etchings, woodcuts, prints and photographs offer a fascinating look into the kitchens and dining rooms of yesteryear. The recipes have been selected and adapted from cookbooks known only to American history buffs. $10

The American Quantity Cookbook: Tracing Our Food Tradition (Jane Young Wallace) An authoritative collection of recipes that are the basis of American quantity cuisine, together with information as to how and where the foods are being effectively presented today. This book is designed to serve in the years ahead as a continuing reference to American food traditions and recipes. Beautifully illustrated. $16.95

Simplified Quantity Regional Recipes (Mabel Cavaiani, Muriel Urbashich and Frances Nielsen) Recipes in this book are suitable for nursing/convalescent homes, hospitals, cafeterias, schools, restaurants and others wanting recipes for wholesome, nutritious, attractive and generally economical dishes. Recipes have been simplified as much as possible for cooks without much formal education in food preparation. Basic simple equipment is used, and terms and measures are spelled out. Dietary information is included with each recipe for the convenience of those users who need dietary information and do not have a dietitian available at all times. $18.95

All of the books mentioned above are available in limited quantity from NRA's Educational Materials Center in Washington, DC.

NRA Convention Chairman Ted Balestreri (left) discusses the German food show with Peter Schmidt (middle), chairman of Canada's Host-ex Show and NRA Treasurer John Dankos.

THE BOARD ROOM

NRA board members review German foodservice show

NRA Treasurer John G. Dankos and Convention Chairman Ted Balestreri represented the National Restaurant Association at ANUGA — the World Food Market Show held in Cologne, Germany, Oct. 10-15. NRA coordinated the U.S. pavilion exhibit in cooperation with the German-American Chamber of Commerce. Fifteen American companies, in addition to NRA, participated in the food show.

Dankos, impressed by the size and scope of the German show, explained that, unlike the NRA show, ANUGA spans the dimensions of the entire retail and wholesale food operations, including exhibits for supermarkets as well as restaurateurs. "The size of the show was staggering. There was so much to see, learn and experience," Dankos stated.

"As a result of our visit to ANUGA, we hope to see increased international participation at the NRA convention," Dankos added. "This type of exposure helps us generate ideas and identify new opportunities." Applications for exhibit space for the 1982 Show are coming in from Germany, The Netherlands and Japan. France, Australia, Italy and Canada have already contracted for stands.

Balestreri called ANUGA a "thrilling, exciting and very professional" show. Particularly noteworthy was the extensive variety of specialty foods, china, silver and wines.

"The emphasis the Europeans put on wine and beverage products is something I'd like to see at the NRA Show," he said. "I spoke with many people who were interested in this area and am hoping to see more representation of wine products at our '82 Show."

Balestreri was also pleased with the enthusiastic response received from foreign exhibitors and show-goers. "They were anxious to learn about our convention and we expect many to attend next year."

Bradford speaks out on beef grading changes

NRA President Robert E. Bradford speaking to the Oregon Catlemen's Association in November regarding the proposed changes to the U.S. Department of Agriculture's (USDA) beef-grading standards, stated, "Proposals to downgrade the current beef grading system would make it difficult or impossible for restaurateurs to obtain the quality of beef at the quantity needed."

NRA, along with various consumer groups, is opposed to the cattlemen's petition because it will move lower quality beef up into Choice and Prime categories.

"If USDA proposes changes similar to those suggested by the cattlemen and changes are approved, restaurants will no longer be able to depend on the USDA grading system to indicate consistently tender, flavorful and juicy beef," Bradford stated.

Turn problems into opportunity, Conti tells IFEC

Speaking to the International Foodservice Editors Conference (IFEC) in late October, NRA Chairman Walter Conti described the industry's future as incredibly exciting. "The opportunities are amazing," he said.

Conti listed energy costs and human resources as the greatest problems facing the industry — problems which can be turned into opportunities, he said. He also mentioned strong trends toward American regional cuisine, lighter fare and concern about nutrition. (See Bill of Fare this month.)

"We will always be a people industry," he said in reference to the human resource challenge. "We offer dignified work to skilled and unskilled employees. We offer advancement for those who work hard. But we need help in changing the negative image of foodservice jobs and making people aware of the wide career opportunities in our industry."

"We have a proud record," Conti told the conference. "We employ eight million people. Sixty-six percent are women, and 24 percent are teens. Working together, these people will do $125 billion in sales this year and account for five percent of the gross national product."

IFEC, which celebrates its 25th anniversary this year, is an educational association of foodservice editors, publicists and associations.

THE LAW

Industrial revenue bonds may be viable capital source for restaurant operators

Foodservice companies may be eligible for low-interest capital for development.

Industrial revenue bonds (IRBs), issued by states and local governments to finance schools, sewers and water systems, roads, etc., are also available for other business developments in some states.

IRBs provide capital at comparatively low interest rates because the interest paid on them is exempt from federal and state (in the state where they are issued) taxes.

NRA is currently fighting legislation on Capitol Hill which would severely limit the use of IRBs. Opponents of IRBs believe that the bonds are a significant tax drain, force up the price on regular municipal bonds and provide cheap financing for business projects that would be undertaken anyway.

NRA, along with other supporters of the present system, argues that IRBs are a significant help to creation and expansion of small business. Businesses created or enlarged through the use of IRBs increase the tax base and tax income in far greater amounts than the tax losses suffered by their use.

The industrial development bond was born back in the 1930s when state and local governments began issuing bonds to finance industrial and business development in their jurisdictions. In 1968, when sales of these bonds had reached $1.8 billion, the U.S. Treasury ruled they were no longer tax exempt. The same year, Congress stepped in and passed legislation designed to limit the size and volume of these bond issues. In effect, the law was changed to provide that interest on industrial revenue bonds would not be tax-exempt unless the proceeds were used for "exempt activities" or "small issues."

It is impossible to give any general information on the types of business developments or activities which can obtain IRBs. Individual states each have their own requirements and limitations on the issuance of small issue industrial revenue or development bonds. In some jurisdictions, the revenue can be used only for projects in economically distressed areas or for businesses and industries in serious economic decline. In other states, the revenues may be used only for manufacturing or other industrial development projects, or for firms whose financial condition meets certain prescribed standards. Only three states do not have small issue revenue bond programs — Hawaii, Idaho and Washington.

Whether there is an opportunity for a foodservice company to participate in projects financed by these bonds in a particular state or locality can be determined only by inquiry in that state. There is no comprehensive tabulation of the restrictions and limitations for all jurisdictions. To find out what authority controls the issuance of these bonds in your area of interest, inquiries can be made to the Industrial Development Board, Industrial Development Authority, or Development Finance Authority of your state or local government, the governor of the state or the state restaurant association.

1981 tax bill allows special depreciation benefits

One section of the recently passed Economic Recovery Tax Act of 1981 provides for a new accelerated cost recovery system (ACRS). This system, which will take effect as of 1982, represents a substantial change in tax accounting for capital expenditures. ACRS essentially replaces the useful-life depreciation rules that have evolved over the last century or so. These complex depreciation rules have become outmoded as persistent inflation has reduced the effectiveness of the depreciation allowance to recover the actual cost of capital expenditures.

ACRS reduces the impact of inflation by significantly accelerating recovery of capital expenditures. This is done in two ways

- by eliminating the useful-life concept and replacing it with a shorter (audit proof) recovery period and
- by allowing more cost recovery in the earlier years of the recovery period, i.e., accelerated recovery.

To qualify for recovery deductions under ACRS, capital expenditures must be for "recovery property." Recovery property is any depreciable, tangible property used in a business or held for the production of income. ACRS applies only to recovery property placed in service by the taxpayer during or after 1981.

FICA tax increase

For 1982, the maximum wage base for social security tax rises from $29,700 to $32,400. The tax rate imposed on both employers and employees is increased from 6.65 to 6.7 percent. The tax rate imposed on self-employed increases from 9.3 to 9.35 percent. The maximum FICA for 1982 is $2,171 for employees and employers. This is a $196 increase over 1981. Maximum for self-employed persons is $3,029—an increase of $267 over 1981.

STATE DEPARTMENT

Proposed legislation threatens shrimp sales nationwide

The astute political observer realizes that federal legislative activity is not confined to the committee hearing rooms and marbled halls of Congress. When a congressman is in his home district talking to his constituents, it is these people back home that really help him decide what legislation is worth fighting for or fighting against.

Such was the case earlier this fall when Jim Funk, executive vice president of the Louisiana Restaurant Association, submitted testimony during field hearings to Louisiana Rep. John B. Breaux (D-LA), chairman of the House Fisheries, Wildlife, Conservation and Environment Subcommittee, in New Orleans on legislation limiting importation of shrimp.

Field hearings are usually scheduled by committees or subcommittees to get the perspective on a particular legislative proposal from individuals outside Washington, DC. Literally, congressmen are taking government to the people.

Aware of the potential importance of these hearings, NRA and the state restaurant associations keep up-to-date on all scheduled hearings.

Noting that 47 percent of the shrimp consumed in the United States is imported, the National Restaurant Association has been vitally interested in Rep. Breaux's bill (H.R. 4041) — the "American Shrimp Industry Development Act." This legislation, if enacted, would raise the price of shrimp substantially. It calls for placing a 50-year quota on shrimp imports, assessing a 30 percent value-added tax on imports and subsidizing marketing and research for certain sectors of the domestic shrimp industry.

When Rep. Breaux announced his field hearing on H.R. 4041 in New Orleans, NRA realized that this was not an appropriate forum for a Washington, DC-based association to testify. Consequently, Funk and the Louisiana Restaurant Association (LRA) were alerted, and testimony was cooperatively drafted between LRA and NRA.

Foodservice industry sells 75 percent of shrimp consumed in the U.S. . . .

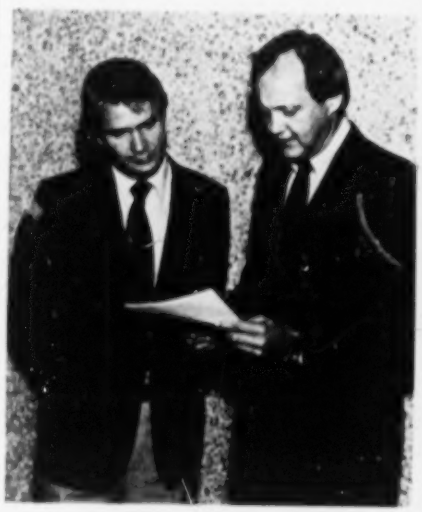
Funk prepared his remarks on behalf of the industry but with a local orientation. He statistically stressed the importance of shrimp to restaurateurs nationwide. In his testimony, he cited figures from the U.S. Department of Commerce, noting, "The foodservice industry is estimated to sell 75 percent of all shrimp consumed in the United States annually."

Explaining the financial consequences to both the consumer and the shrimp producer, Funk testified, "Economic analysis indicates that for every four percent rise in shrimp prices, there is a one percent decline in consumption. This bill, if enacted, could raise wholesale prices for shrimp by $320 million in the first year, or a possible $240 million for foodservice alone. This could lead to an estimated seven percent decline in shrimp consumption."

After emphasizing the obvious elasticity of demand for shrimp, Funk concluded, "No matter what the causes of distress to shrimp harvesters may be — high fuel costs, decline in catch per vessel, foreign subsidies, leveling of domestic catch, or production costs — no one will be served if sales decline and shrimp becomes a luxury item."

Following LRA's testimony in New Orleans, Robert E. Bradford, NRA president, explained, "This is yet another example of how state restaurant associations are of tremendous value to the industry's efforts on federal issues. The activities of Jim Funk and the Louisiana Restaurant Association in New Orleans on the shrimp issue are something that NRA could not have done. Politically speaking, Louisiana is not NRA turf, but it is home for Funk and the LRA."

Underlining the necessity of state association participation, Funk reflects on his testimony in New Orleans as "a great example of NRA and a state association working together on an issue of industrywide concern." The continued participation of state associations in local hearings and lobbying is vital to the success of NRA in Washington. According to Funk, the relationship between NRA and the Louisiana Restaurant Association should set an example to other state associations for the importance of working together. "I feel that this cooperative spirit must be continued with all state associations nationwide."



Jim Funk, (right) executive vice president of the Louisiana Restaurant Association, reviews proposed shrimp importation legislation with Rep. John Breaux (D-LA) during field hearings in New Orleans.

SHOWTIME

NRA-TV today! To debut at '82 Show

At the 1982 convention in May, the National Restaurant Association will produce a daily TV news show. "NRA-TV Today!" will be connected by cable to the more than 14,000 TV sets of show participants in 18 major Chicago Loop hotels. The programming will provide exhibitors with an effective merchandising tool designed to target prime prospects. It will also entertain and educate conventioneers.

Ted Balestreri, NRA convention chairman, explained he believes "in doing all that can possibly be done for the benefit of the more than 81,000 folks who attend and exhibit at the world's biggest and best foodservice/lodging exposition." The idea of such a TV presentation is not new. But the spontaneity and news format are. The hotel TV programs will be produced by the NRA Show management team responsible for the convention itself, and not by outside groups. That, too, is a new approach.

There will be three programs, each one broadcast over two days and each one repeated four times during the allotted time span. The first program will debut on Saturday afternoon, May 22, at 4:00 p.m. and will run until 8:00 p.m. that evening. The same program will be rerun Sunday morning from 7:00 a.m. until 11:00 a.m. and will feature news and information about the Show, its exhibitors and the various special events and happenings which make the NRA Show such an exciting and important event in the world of hospitality.

The second program will be aired on Sunday afternoon from 4:00 p.m. to 7:00 p.m. and again on Monday morning, May 24, from 7:00 a.m. until 10:00 a.m. The same pattern will be repeated for show number three on Monday afternoon and Tuesday morning.

"NRA-TV Today!" will be hosted by three top-flight anchor persons, each with impressive television credentials on both national and regional programs. Their task will be to blend together all the ingredients and report the activities of the NRA Show as they occur in the form of short, colorful news features and editorials. In addition, participating exhibitors will provide facts about their products, companies and, in many instances, demonstrate how their goods and services benefit the foodservice and lodging fields.

The association itself will receive valuable exposure during the programs. NRA membership benefits will be dramatized effectively, and interviews with NRA directors and members will provide testimony designed to acquaint the hospitality world with the far-reaching aims and accomplishments of NRA at all levels affecting the industry.

The 18 hotels presently scheduled to run "NRA-TV Today!" include the Conrad Hilton, the Palmer House, the two Ambassadors, the Drake, Marriott, Hyatt Regency Chicago, the three major Loop area Holiday Inns, Executive House, the Knickerbocker, the Sheraton Plaza, the Blackstone and the Americana Congress. In addition, the McCormick Inn will participate. Other hotels may be added if their facilities can accommodate the cable system.

Balestreri believes exhibitors will be quick to seize upon what may well be a truly golden opportunity to merchandise their participation in the NRA Show. The fact that "NRA-TV Today!" offers both early-morning and late-afternoon viewing opportunities means that prospects can dwell on both planning their allocation of time as they visit the NRA Show and reviewing what they have seen in a leisurely and restful manner in the comfort of their hotel rooms. The reinforcement of the already tangible and profitable benefits of exhibiting in the NRA Show can only aid exhibitors in getting their product stories across in detail.

Plan to include "NRA-TV Today!" in your convention schedule as you attend the Show in May. It will provide you with a new focus and viewpoint on the industry's Show of shows. It will fill you in on happenings, programs and activities you may not be able to enjoy in full due to limited time or specific priorities.

Mornings at 7 and afternoons at 4..."NRA-TV Today!" will help to make the 63rd Annual NRA Restaurant, Hotel/Motel Show an event you'll long remember, as well as one which may steer you on the way to greater foodservice profits and productivity.

EDUCATION

NRA conference discusses trends in food supply

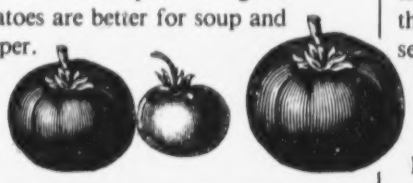
Food purchasers from fast food and hotel chains, operators who buy for their own restaurants, novice purchasers for institutional feeders and the 30-year veterans — they all gathered in Chicago's Hotel Knickerbocker to discuss quantity, quality and availability of food. One hundred thirty-seven men and women from 38 states and Canada showed up to hear the experts and exchange ideas.

Topics ranged from the philosophy of purchasing to future trends in meat, seafood, processed foods and fresh produce. Speakers dwelt on technical innovations which are broadening the scope of available products.

In her keynote address, Jane Wallace, editor-in-chief of *Restaurants and Institutions,* emphasized the importance of the purchasing function. "Marketing used to be the glamor area in foodservice," she said. "But now the whole philosophy of expansion has changed. The key question is not how many units you have, but what is the bottom line — what kind of return on investment do you have?" As a result, purchasers assume new importance. The money they save is added directly to the bottom line.

Lendal Kotschevar, author of the classic text *Quantity Food Purchasing,* stressed the inter-relationship of functions. "Purchasing is a management function which must be coordinated with everything the organization does," he told the audience.

"The purchaser looks for a product which suits production needs," Kotschevar said. Fancy tomatoes may be the best, but they have to be broken down in the stockpot. "C" grade tomatoes are better for soup and cheaper.



Americans are beef eaters, and restaurateurs like to serve and promote quality beef. But with Prime and even high-grade Choice becoming hard to find, the future of beef sales hangs in the balance. According to David Stroud, former president of the National Livestock and Meat Board, the cattle industry is still experiencing bad times. Beef production has continued to fall off, consumption is down and general economic conditions are wiping out margins. (See Washington Report this month.)

On the positive side, Stroud said, are technical innovations which could reduce the cost of processing meat and open up a new variety of menu items. John Francis, director of merchandising, National Livestock and Meat Board, agreed that new meat technology will make a difference.

Future trends in meat . . .

Restructured meat products, particularly "chunked and formed" meats, may have a place on your menu, Francis told the conference. Formed out of long strands of shoulder, restructured meats mimic the texture and consistency of real muscle. "Technology has advanced," said Francis. "Don't prejudice your view of these new products."

Meanwhile the trend toward seafood continues to grow. Lee Weddig, executive vice president of the National Fisheries Institute, told the conference that availability of fish products continues to improve. The production of the U.S. fishing fleet has increased by more than one billion pounds, or 33 percent, since 1976. At the same time, Weddig said, the nation remains the number two importer of fish and seafood.

Weddig indicated that the largest dollar value at the moment is shrimp. The 1981 production in the Gulf of Mexico was exceptionally good, and the supply situation is excellent. Similarly, salmon is again abundant. About 613 million pounds were caught in 1980, a considerable improvement over the five-year average of 357 million pounds.

Some see bigger role for processed foods . . .

Since foodservice remains labor intensive and salaries increase regularly, any labor that can be shifted from employees to others will boost productivity. That is the rationale behind greater use of processed foods in restaurants.

"The variety of processed foods designed for foodservice is growing rapidly," said Pierce Hollingsworth, editor of *Prepared Foods* magazine. Processors have been watching the trends carefully. During the last decade, they have doubled the number of Italian and Mexican dishes and almost doubled the size of Oriental lines.

But the convenience of prepared food still must overcome the popular desire for "fresh." The availability, variety and sales of fresh produce continue to grow. Movement of fresh fruits and vegetables to restaurants is up 20 percent over last year at this time, reported Art Alexandria, director of sales for Pedi Brothers, Inc., a large Chicago purveyor. People are trying all kinds of exotic produce from Kiwi fruit to papaya.

"This conference was a remarkable success," said NRA President Robert E. Bradford. "The 'national conference' is an ideal format for NRA. These large gatherings of specialists who want to hear the latest ideas — often sweeping ideas — from the experts complement our seminar program of small intensive courses. We plan more conferences of this nature in the future."

NRA's National Conference on Human Resources is currently scheduled for June 21-22 in Washington, DC.

NRA SEMINAR SCHEDULE

Bar Management

Jan. 18-20	Dallas, TX
Feb. 8-10	Chicago, IL

Menu Development

Jan. 4	Atlanta, GA
Jan. 6	Miami Beach, FL
Jan. 25	Portland, OR
Jan. 27	Los Angeles, CA
Feb. 1	Minneapolis, MN
Feb. 3	Denver, CO
Feb. 23	Philadelphia, PA
Feb. 25	Washington, DC

Creative Merchandising Techniques

Jan. 11	Milwaukee, WI
Feb. 1	Long Beach, CA

Practical Foodservice Sanitation

Jan. 27	Seattle, WA

Basic Supervision

Jan. 5	Detroit, MI
Jan. 12	Seattle, WA
Feb. 2	Cherry Hill, NJ
Feb. 16	Oklahoma City, OK

Dining Room Management

Jan. 18	Louisville, KY
Feb. 8	Nashville, TN
Feb. 10	Tampa, FL
Feb. 22	Topeka, KS
Feb. 24	St. Louis, MO

Hiring Hourly Employees

Jan. 11	Denver, CO
Jan. 26	Ann Arbor, MI
Feb. 8	Boston, MA
Feb. 22	Portland, OR

Kitchen Management

Feb. 11	Cleveland, OH
Feb. 25	San Francisco, CA

Performance Review

Jan. 12	Denver, CO
Jan. 27	Ann Arbor, MI
Feb. 9	Boston, MA
Feb. 23	Portland, OR

Train the Trainer

Feb. 16	Chicago, IL

Computers

Jan. 25	San Francisco, CA

Controlling Beverage Cost

Jan. 11	Rochester, NY
Jan. 13	Pittsburgh, PA
Jan. 25	Portland, ME
Jan. 27	Newark, NJ
Feb. 1	Richmond, VA
Feb. 3	Atlanta, GA
Feb. 16	Cincinnati, OH
Feb. 18	Toledo, OH

Controlling Food Cost

Jan. 5	Baltimore, MD
Jan. 7	Richmond, VA
Jan. 18	Atlanta, GA
Jan. 20	Jackson, MS
Feb. 15	Spokane, WA
Feb. 16	Seattle, WA
Feb. 18	San Francisco, CA
Feb. 22	San Diego, CA
Feb. 24	Tucson, AZ

Controlling Labor Cost

Jan. 11	Reno, NV
Jan. 13	Seattle, WA
Feb. 22	Hartford, CT
Feb. 24	Syracuse, NY

Food & Beverage Operations Auditing

Jan. 7	Miami Beach, FL

Practical Accounting for Foodservice Managers

Jan. 21	Kansas City, MO

Super Salads

Jan. 26	San Francisco, CA
Jan. 28	Los Angeles, CA
Feb. 11	Milwaukee, WI
Feb. 18	Dallas, TX

Improving Food Production Methods

Jan. 14	Cincinnati, OH
Jan. 21	Chicago, IL
Feb. 4	Atlanta, GA
Feb. 18	Williamsburg, VA

Practical Meat Workshop

Jan. 28	Boston, MA
Feb. 4	Baltimore, MD

Fish & Seafood

Jan. 5	Cambridge, MA
Jan. 7	Cherry Hill, NJ
Jan. 21	San Antonio, TX
Feb. 10	New Orleans, LA

Soups & Sauces Workshop

Feb. 4	Indianapolis, IN
Feb. 15	Portsmouth, NH
Feb. 17	Newark, NJ

Simplified Baking Workshop

Feb. 17	Chicago, IL

How to Negotiate & Finance a New Operation

Jan. 5-6	Houston, TX

Real Estate & Site Selection

Feb. 2-3	Newport Beach, CA

Restaurant Design & Facilities Planning

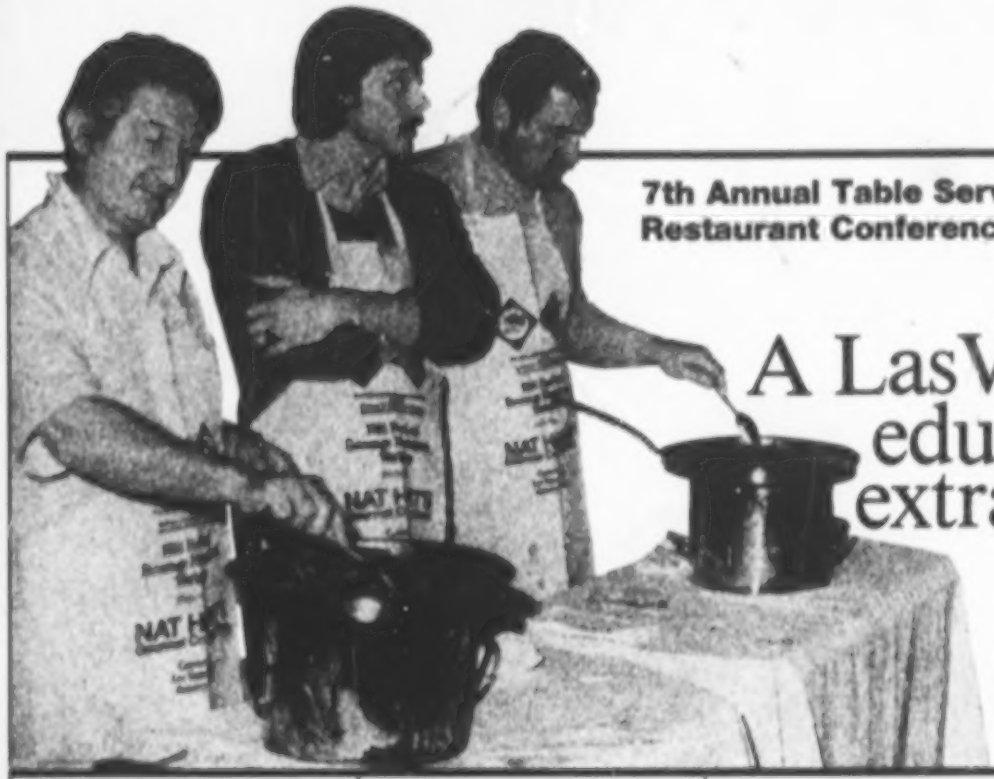
Feb. 8-9	Houston, TX

Special Conferences

7th Annual NRA/UNLV Table Service Restaurant Conference, Feb. 1-3, Las Vegas, NV

Management Update '82, Apr. 17-24, Honolulu, HI

For more information, contact registration secretary Seminar Department NRA Chicago office, (312) 787-2525



7th Annual Table Service Restaurant Conference

A LasVegas educational extravaganza!

Feb. 1–3, 1982
MGM Grand Hotel
Las Vegas, NV

"Insights on Increasing Sales"
Monday, February 1

Table Service Restaurants — Trends and Issues
Jeanette Riechers, editor of *Food Service Marketing* magazine, starts with the conference kick-off.

Table Tops, Today and Tomorrow
A special look at the latest trends in table top design, including award winners.

Menu Design to Up Your Sales
The latest techniques and concepts for a menu that works.

How to Put on a Spectacular Buffet
Watch the MGM Grand staff set it up. Then hear the chef's inside story as you feast your eyes and your palate.

New Foundations of Food and Beverage Merchandising
In-sights plus, with Vance Christian, professor of Restaurant Management, Cornell University's School of Hotel Administration and well-known innovator and new-concept developer.

"Ideas! Ideas! Ideas!"
Tuesday, February 2

Cost Control Clinic, featuring 400 ways to save on food, labor, beverage and energy
We've asked four experts to come up with 100 ways to control costs in their area of specialty. You'll receive all 400 ideas and also have the chance to attend in-depth briefing/idea exchanges in the two areas that concern you most. This event is a conference exclusive.

Renaissance Feast
The MGM staff recreates the atmosphere and cuisine of fifteenth-century Europe for a classic experience in theme dining.

The Great Recipe Idea Exchange and Cooking Demonstration
Join Muriel Stevens, host of the popular TV cooking program, in her demonstration kitchen as she prepares some all-star recipes from Las Vegas establishments for you to sample.

"Money — How to Make It and Borrow It!"
Wednesday, February 3

Selling More Wine
The coming trends in wine — what's going to sell and how you can sell more of it with updated wine lists, merchandising and more.

Banking on Beer
It's coming back in. Learn how to make the most of this high profit-potential item.

Picnic Party
The MGM Grand brings the outside inside for an unusual luncheon that's sure to spark your imagination!

How to Negotiate for Money: Insider's Tips with Somers H. White
His successes are legendary and his techniques work, even in today's tight and expensive money market. Learn how you can negotiate like a pro to get a "yes" instead of a "no."

Your attendance at this conference is tax-deductible
An income tax deduction is allowed for educational expenses incurred to maintain or improve skills required by an individual in his employment or business. Educational expenses include tuition, books, local transportation and travel, meals and lodging while away from home when the trip is primarily to obtain education (Treasury Regulation 1.162-5).

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